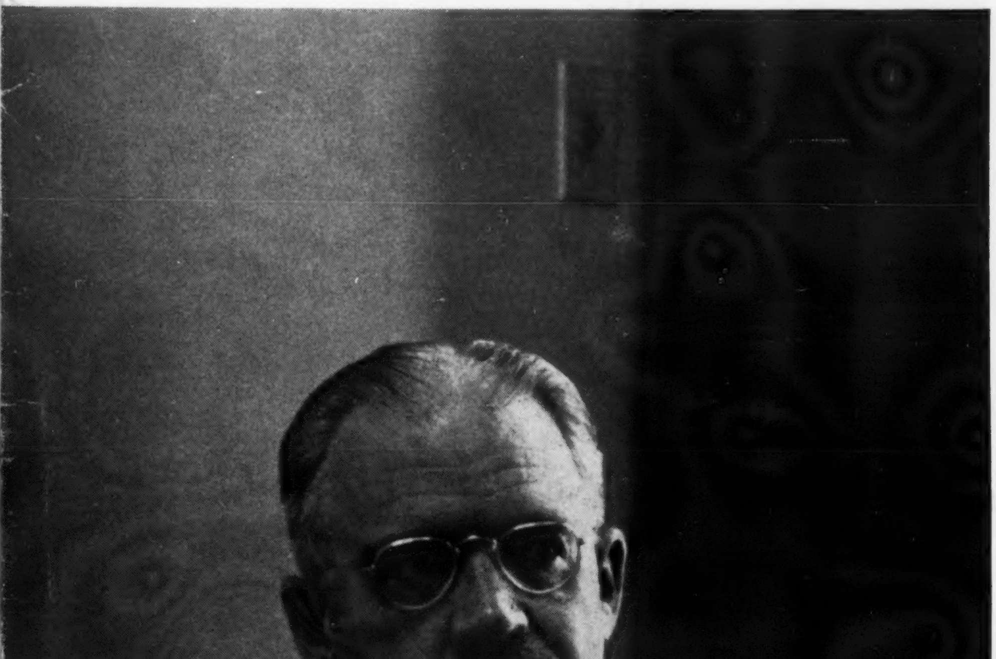
Management
METHODS

DECEMBER 1959

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



Psychologist Robert N. McMurry

How to sell the big school market

HAVE YOU CONSIDERED AN Airport plant site?

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FOUR MANAGEMENT PSYCHOLOGISTS TELL HOW TO TACKLE

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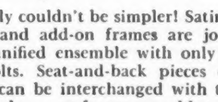
Royal® Viscount Reception Seating gives you the look of custom design with complete flexibility of arrangement!

New *Royal* VISCOUNT is superbly versatile. It's designed and constructed with completely interchangeable units for infinitely varied arrangements – as modular groupings, or free-standing pieces.

VISCOUNT offers you more than 50 exciting new upholstery patterns and colors . . . from durable, wipe-clean materials to luxurious deep-textured fabrics. Impervious Royaloid table tops are available in 20 colors, patterns and finishes–from rich wood-grains and marbles to soft decorator pastels.



Assembly couldn't be simpler! Satin-Chrome starter and add-on frames are joined into rigid, unified ensemble with only two hidden bolts. Seat-and-back pieces clamp to frame, can be interchanged with table tops in seconds . . . or frame assembly rearranged at will. Free-standing units may be used for occasional chairs, tables, ottomans.

FREE! *Write for Brochure 9026–for full information and illustrations of complete VISCOUNT line*

ROYAL METAL MANUFACTURING COMPANY, One Park Avenue, New York 16, New York, Dept. 4-L

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Expansion Capital For Growing Companies

Rhode Island's NEW 100% Lease-Purchase Financing Plan

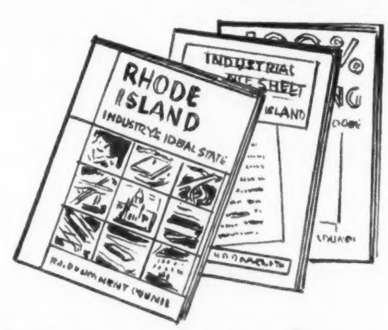
If limited capital is delaying your expansion program, investigate Rhode Island's unique 100% Financing Plan. Under the provisions of this liberal plan, you can have that new manufacturing plant immediately, without delay, without investing needed capital.

It is not necessary to be in the top 50 companies in the U.S.A. to qualify for Rhode Island's 100% Lease-Purchase Financing Plan. If your company is well managed and has a sound future, you'll be welcome in Rhode Island.

A number of newly constructed buildings are available to you in well planned industrial parks. Others are being built. If you require special facilities, we will build a new plant to your specifications.

For complete details on Rhode Island's 100% Financing Plan, plus full information on Rhode Island's business climate and economic advantages, write or phone:

Adolph T. Schmidt
Executive Director



Rhode Island Development Council

108 Roger Williams Building, Hayes Street Providence, Rhode Island
JAckson 1-7100

(Circle number 138 for more information)

DECEMBER 1959

Management
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Volume 17 Number 3

Contents

Departments and short features

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How business
can cut its
Insurance costs

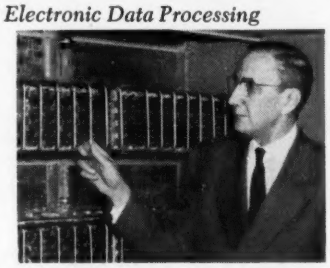
"Our Burroughs 205 computer saves us money in many ways . . . Customer Billing, Accounting, Plant Expansion Studies, and Area and Resource Development."

PAUL B. MCKEE
Chairman of the Board, Pacific Power & Light

In many ways, a Burroughs 205 electronic data processing system is serving over 300,000 customers in the Great Northwest. The system is installed at Pacific Power & Light in Portland, Oregon, and is currently being used for accounting and engineering jobs.

In 1948 the billing at Pacific Power & Light was centralized on key-driven equipment. Three years later, a forward-thinking management initiated studies of the electronic data processing field. Stanford Research Institute was called in to work with key PP&L accounting personnel in doing a study. After an exhaustive report on computer requirements prepared in 1956, management was ready to make a selection. States PP&L's Chairman of the Board Paul B. McKee, *"We were satisfied that we had researched the problem thoroughly and were able to make a completely objective choice. We purchased a Burroughs 205 system simply because it supplied the best answer to our needs."* Delivery of the 205 was in May, 1957. The customary step from key-driven machines to punched card equipment was completely bypassed, and the first electronically processed bills were sent out in July

David P. Landry, Supervisor of Electronic Data Processing



Dr. James Ward, Director of Research

of 1957. Regarding their venture into electronic data processing equipment, PP&L's treasurer Don C. Frisbee says, *"At the time we made the jump into electronic data processing there was no established precedent in the utility field. However, with our problems of mounting paperwork, plus our growing needs for solutions to so many engineering problems, we felt it was necessary to make a pioneering move from key-driven equipment directly to an EDP system."*

The customer accounting task for PP&L's 205 was a stickler because their billing problems are so numerous. PP&L's lines extend through Oregon, Washington, Wyoming, Montana and Idaho, and within this large service territory the company maintains 23 districts and 52 offices. Because its territories are so diverse, there are more than 200 different rate schedules. It also reports to five state commissions.

Despite the many complexities, *in one pass* PP&L's 205 computer now processes 30,000 items in one day. And during this same single pass, it bills customers, updates account records maintained on magnetic tape, processes connect and disconnect orders, local bills, adjustments, cash payments and myriad data changes.

Vice-President and Controller of PP&L, George Mackenzie points out, *"The computer didn't solve our paperwork problems overnight. But then we didn't expect it to. We did expect the 205 to enable us to serve our customers faster and more efficiently...and at considerable savings. It has more than met these expectations."* In addition, David P. Landry, Supervisor of Electronic Data Processing at PP&L says, *"Our 205 has not only been fruitful from a tangible dollars and cents point of view, but the computer is also providing new sources of information for management."*

PP&L's 205 has operated on the average of 17 hours per day over the last two years. The company has not been content to restrict its system solely to commercial data processing. PP&L is using its 205 to solve complex engineering problems concerned with the generation, transmission and distribution of power. One of the engineering problems taken over by the machine is scheduling a most efficient use of water stored behind PP&L's three Lewis River Dams to harness the full power potential of the river. The 205 program is, in effect, a mathematical model of the Lewis River hydroelectric facilities. According to Dr. James Ward, Director of Research, *"Its use has saved many hours of tedious calculations. The computer completes in one minute the solution of an operation study which requires 12 to 14 hours when done manually."*

The 205 is also tackling other thorny engineering problems. Routines have been developed for use in planning and designing transmission lines. Another problem involves the calculation of the large short circuit currents which occur when lightning strikes a line. Dr. Ward anticipates that *"the Burroughs 205, in solving technical problems for us, will provide the capabilities of a large scale analog computer, usually used for this work, and costing several hundred thousand dollars."*

In using their 205, PP&L has formed its own operating team. Board Chairman McKee points out, *"Although our data processing equipment team is composed of our own company-experienced personnel, the training they have received from Burroughs has been invaluable in the success of our program. We have found that the backing and service a manufacturer provides is as important as the equipment itself."*

Today, PP&L is working on extending their accounting and engineering uses of the 205 even further. They are confident in their explorations because the 205 has already proven its versatility. And there is assurance too, because all of Burroughs' complete line of advanced data processing systems are designed with customer expansion in mind. These Burroughs computers are currently aiding hundreds of other business and scientific users. For additional information on how the 205 or other Burroughs computing systems can help in your business, write ElectroData Division, Pasadena, California.

Burroughs Corporation *"NEW DIMENSIONS/in electronics and data processing systems"*

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Ask your nearby HAUSERMAN representative about minimum maintenance and the other HAUSERMAN efficiency factors . . . *movability unlimited* and *business environment.* Look in the Yellow Pages under "Partitions."

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These booklets—promotional and otherwise—contain ideas of possible profit to you. Each item listed will be sent to you without cost.

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Guide to employee manuals

Hundreds of examples culled from employee manuals illustrate an 88-page manual compiled by S. D. Warren Co.

Definitive checklists are given of types of information included in employee manuals. Subjects cover job placement and promotion, wage policies, shop practices and rules, fringe benefits, recreation, and facts about the company.

For your free copy of this practical guide, circle number 262 on the Reader Service Card.

About incentive plans

Various types of incentive programs are reviewed in a 10-page folder offered by the Eddy-Rucker-Nickels Co.

Advantages and disadvantages are discussed of individual incentives, cost saving sharing, volume sharing, profit, sales and production value sharing plans.

Tips are given on what to look for when you select an incentive plan and what to expect when you install a plan.

The material presented is a reprint of a recent speech given by Daniel R. Pohlman, vice president of operations, Pohlman Foundry Co.

For a free copy of this review of employee incentives, circle number 263 on the Reader Service Card.

Daily time planner for 1960

Here is a simple tool to help you budget and visualize daily activities as much as a year in advance.

A single folded sheet with blocks for each day provides space to flag vital deadlines and important appointments. Six months commitments can be viewed at a glance.

For your free 1960 Executive Time Planner, designed by Barrington Associates, Inc., circle number 255 on the Reader Service Card.

Advantages of Upstate N. Y.

"Upstate N. Y." is a new 28-page booklet detailing facilities of that area for industrial plant location.

Prepared by Niagara Mohawk Power Corp., it includes full color maps, charts and comprehensive statistics of interest in plant site selection.

For a free copy of this booklet, circle number 259 on the Reader Service Card.

Low cost building updating

Before and after photographs of facelifted facades of buildings are shown in a new pamphlet prepared by Reynolds Metals Co.

The text tells how these progressive firms realized increased sales by modernizing structures with aluminum curtain walls and panels.

Circle number 257 on the Reader Service Card for a free copy of "More Business for You Through Building Modernization with Aluminum."

Case for the middle market

"The Market of the Middle Billions" is a new survey report compiled by MANAGEMENT METHODS.

The study points out that medium sized businesses, with 100 to 1,000 employees, represent a largely untapped profit potential in all segments of industry.

This vital group covers 40% of the total business market today. It employs almost 42% of the country's workers.

The survey also reports findings on the pivotal and participating involvement of top executives in purchasing decisions.

For a free copy of this research report, circle number 261 on the Reader Service Card.

How to use direct mail

Effective uses of direct mail are outlined in a 44-page book, "Modern Direct Mail," published by DMCP Associates.

It particularly stresses the role of direct mail as a sales builder.

Case histories, checklists and cost data are given. The book also tells how to avoid waste and other inefficiencies in the preparation and production of direct mail.

For your free copy of this manual, circle number 256 on the Reader Service Card.

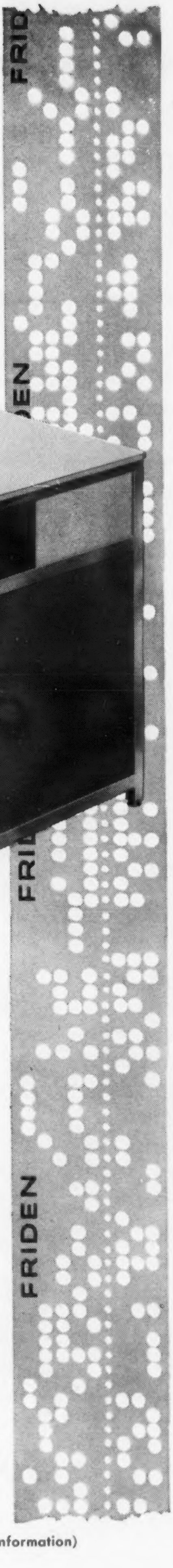
For the busy executive

"Executives' Digest" is a free four-page monthly leaflet being offered by Mark, Simeon and Renard, Inc., advertising agency.

Some 200 publications are culled each month to extract factual and provocative ideas of interest to management men. The essence of about 15 articles is presented in each issue in easy-to-read condensations.

To receive this review each month without charge, circle number 253 on the Reader Service Card.

New Tape-Talk AUTOMATION HEART for your office developed by Friden



COMPUTYPER® Model CTS takes over the big routines — slashes paperwork overhead — provides the key unit around which to plan, and expand, your own custom-built integrated data system

COMPUTYPER "heart" automation — practical and relatively low in cost — is one of the ways . . .

Friden *has the system*

A demonstration of the new Friden Computyper CTS will be informative, profitable. Call your nearby Friden Man or write Friden, Inc., San Leandro, California... sales, instruction, service throughout U.S. and the world.

FRIDEN SILVER ANNIVERSARY • 1934 - 1959

The way it works:

COMPUTYPER CTS does invoices. Automatically it computes and writes extensions, additions, deductions, percent increases and decreases, and accumulates multiple totals. Often there will be no operator intervention whatever, as when Computyper CTS automatically feeds in bill headings, price, quantity, and tax data from edge-punched cards or tape punched as a by-product of order writing.

COMPUTYPER CTS writes up sales orders. Automatically it does the cumulative figuring as operator types in specific items and item prices. By-product punched paper tape provides automatically a code record of the original sales orders. From this tape (which will actuate other tape-talk machines) can be obtained identical, error-free copies or derivative documents with selective excerpts for use in all departments requiring this information.

COMPUTYPER CTS is engineered to work through direct hookup with other common language tape automation equipment, thus constituting an office "heart" for integrated data processing and eliminating tape to card conversion. Example: data can go direct from CTS to connected Friden Flexowriter® or other units including card punch for simultaneous punching of tab cards. Computyper CTS also reads tape or tab cards produced by other units.

COMPUTYPER CTS helps systemize inventory, cost analysis, sales distribution and other statistical jobs by automatically providing derivative documents from original writing . . . eliminating the continuous manual reprocessing of data that runs up office costs.

(Circle number 122 for more information)

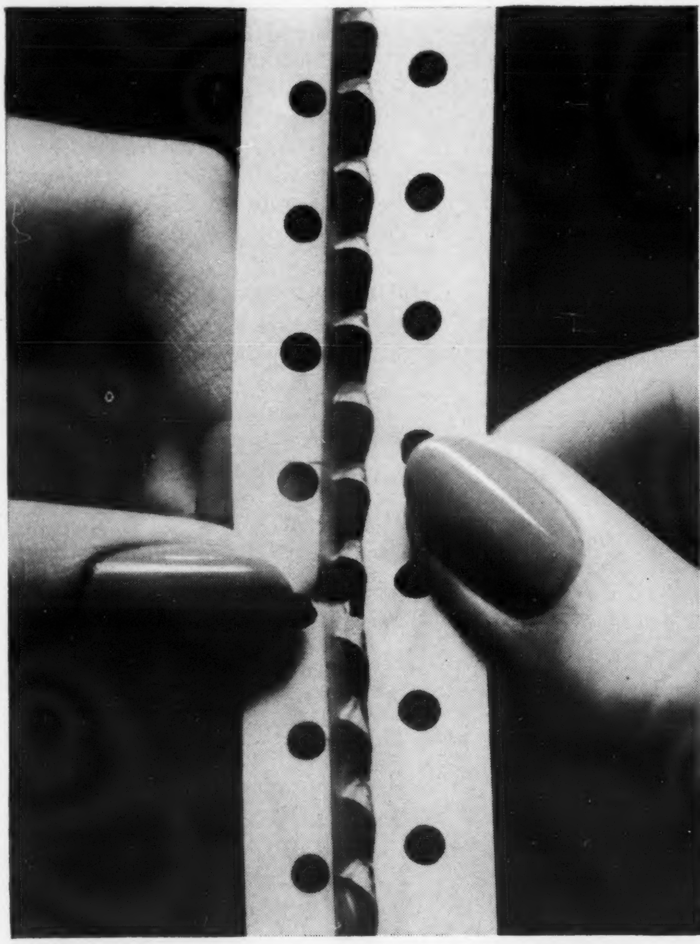
A NEW DIMENSION IN MULTIPLE PART FORMS

Moore

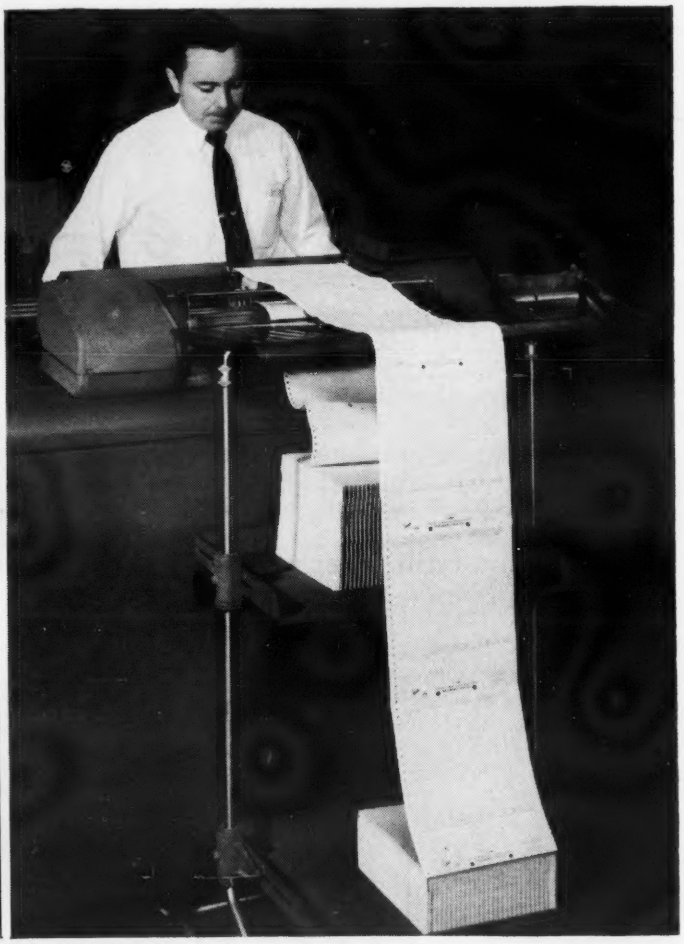
Speediflex is more than a new form. It is a brand new concept that gives natural forms movement to the writing and handling of continuous multiple-part forms. This revolutionary advance is due to an ingenious construction feature patented by Moore, and engineered to insure perfect part-to-part register.

Here is the Speediflex secret. The carbons are 'flex cut' for natural flow of forms. Staggered adhesive lines on either side of the flex cuts anchor the carbons as a flexible bond between the parts in the set.

The entire set of Speediflex carbons and parts is a flexible unit that feeds—naturally and in perfect alignment—around the writing platen. This does away with 'tenting' or 'peaking' at the set fold. Natural-moving Speediflex parts feed squarely on



THE SECRET OF SPEEDIFLEX — Flex cuts in carbons create new flexibility.



PERFECT REGISTER is assured at any writing speed.

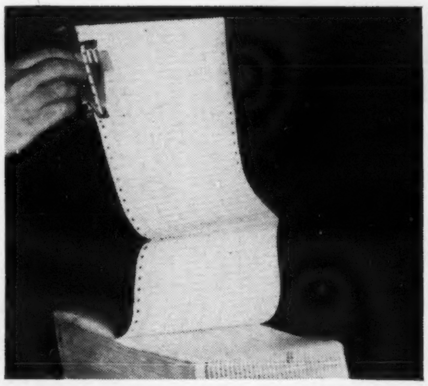
Speediflex

the pins to assure perfect part-to-part register at the writing point, regardless of writing speed or equipment used.

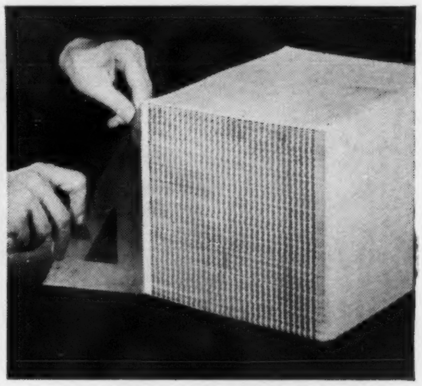
Speediflex has other writing and after-writing features that contribute to perfect feeding, perfect part-to-part register and trouble-free action. Among them . . . a new method of perforation permitting natural folding, neater packs with fast carbon extraction . . . narrow carbons that lessen bulk, for fast paper flow without creep or jam. For a summary of *all* the advantages Speediflex combines in one continuous form, call in the Moore man or write the Moore office nearest you.

MOORE BUSINESS FORMS, INC. Niagara Falls, N. Y.; Denton, Texas; Emeryville, Calif. *Over 300 offices and factories throughout the United States, Canada, Mexico, Cuba, Caribbean and Central America.*

ALL WRITING MACHINES handle Speediflex smoothly in natural, flexible movement without any tenting or peaking at the set fold.

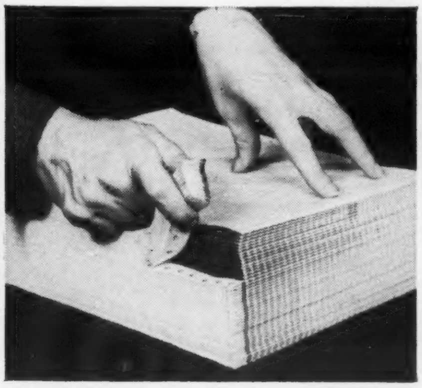


FLEXIBILITY FOR PERFECT REGISTER makes both sides of each part move freely, floating between carbons in natural alignment.

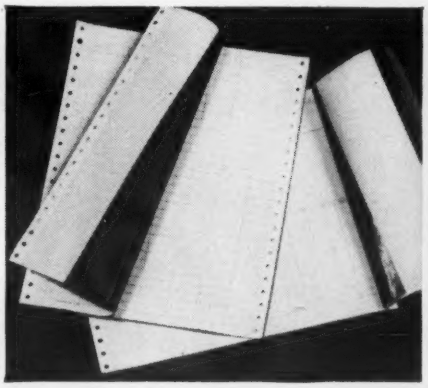


NEATER PACKS, BETTER REFOLDING—Special set perforations permit forms to fold and refold naturally into neat square packs.

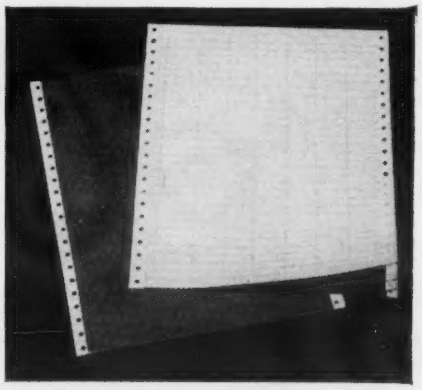
STRIP OFF MARGINS—Sensitive perforations simultaneously cut through carbons and parts, and speed stripping and decollating.



STRIP COATED CARBONS are available to eliminate unwanted data on any or all copies. Narrower carbons are also available.



SECTIONAL SETS FOR SYSTEM USE offer you one part or more loose or, if needed, two or more sets included in the full set.



Speediflex is a patented product of Moore Business Forms, Inc.

Build control with

MOORE BUSINESS FORMS

(Circle number 133 for more information)

(Circle number 152 for more information)

Tax Quiz

A digest of recent court cases compiled by Benjamin Newman, Tax Attorney, Koenig & Bachner, New York.

THE QUESTION

A company gives Christmas gifts of cash to employees of its customers. Are the gifts a business expense?

The facts—A company made cash gifts to employees of customers and suppliers each Christmas time. The gifts ranged from $25 to $300 per person, and averaged over $20,000 each year. The partners of the company charged these sums to advertising, and deducted them from their tax returns as ordinary and necessary business expenses.

Upon receiving the tax returns, the Internal Revenue Service asked the partners to substantiate the deducted gifts by listing the names and addresses of the recipients. When the partners refused, the Service challenged the deductions.

The ruling—The Tax Court offered no opinion as to the legitimacy of the Christmas gift deductions. However, it held that since the partners refused to identify the recipients of the gifts, there was no way for Internal Revenue to verify that the sums were expended in the manner and amount claimed.

Rosenstein vs. Commissioner of Internal Revenue, April 28, 1959, 32 TC.

THE QUESTION

A corporation fails to collect withholding and social security taxes. Can the president of the corporation be held personally liable for payment of the taxes?

The facts—This corporation failed to collect or pay over to the Federal government any withholding or FICA taxes during the fourth quarter of 1947 and all of 1948. Although assessments for the taxes were received regularly, the firm chose to pay them no heed.

Finally, in 1949, new assessments were served upon the corporation's president and his wife. These assessments were also ignored.

Not quite six years after the president and his wife received these assessments, an action based upon their neglect was instituted against them by the government. In their defense, they contended that the taxes in question were owed by the corporation, and not by them. They also maintained that the government had

PUSH THE BUTTON
and copies flow!

delayed too long in bringing the action before the courts, so that even if a claim against them had existed, that claim was no longer enforceable.

The ruling—The court decided as follows:

Although the primary obligation to pay withholding and FICA taxes always rests with the employer (in this case, the corporation), the president was duty-bound to see that his company fulfilled its obligations. Since he was aware that the taxes were due and still failed to see that they were paid, he became personally liable for their payment.

The court held, however, that sinc the president's wife was not associated with the company in any way, and was therefore exempt from responsibility, the complaint against her should be dismissed.

It further decided that a legal proceeding based upon an assessment such as the one served on the corporation president may be instituted at any time within six years after service of the assessment. The government's claim was just as enforceable on the day it was brought as it would have been on the day after the assessment was served. Therefore, judgment was against the president for the amount of the tax payments plus interest to date.

(U.S. Tax Court, decided June, 1959.)

THE QUESTION

A company sells its real estate for less than the tax basis of the real estate. Simultaneouly, it takes back a long term lease on that real estate. Has the company sustained a recognizable tax loss?

The facts—A large department store was the owner of the property on which it was situated. In 1944, the management sold the property for cash, receiving an amount equal to its market value. However, the sale price was considerably less than the adjusted basis of the property. (In this case, as in most, adjusted tax basis of property refers to the original cost of the property less depreciation.)

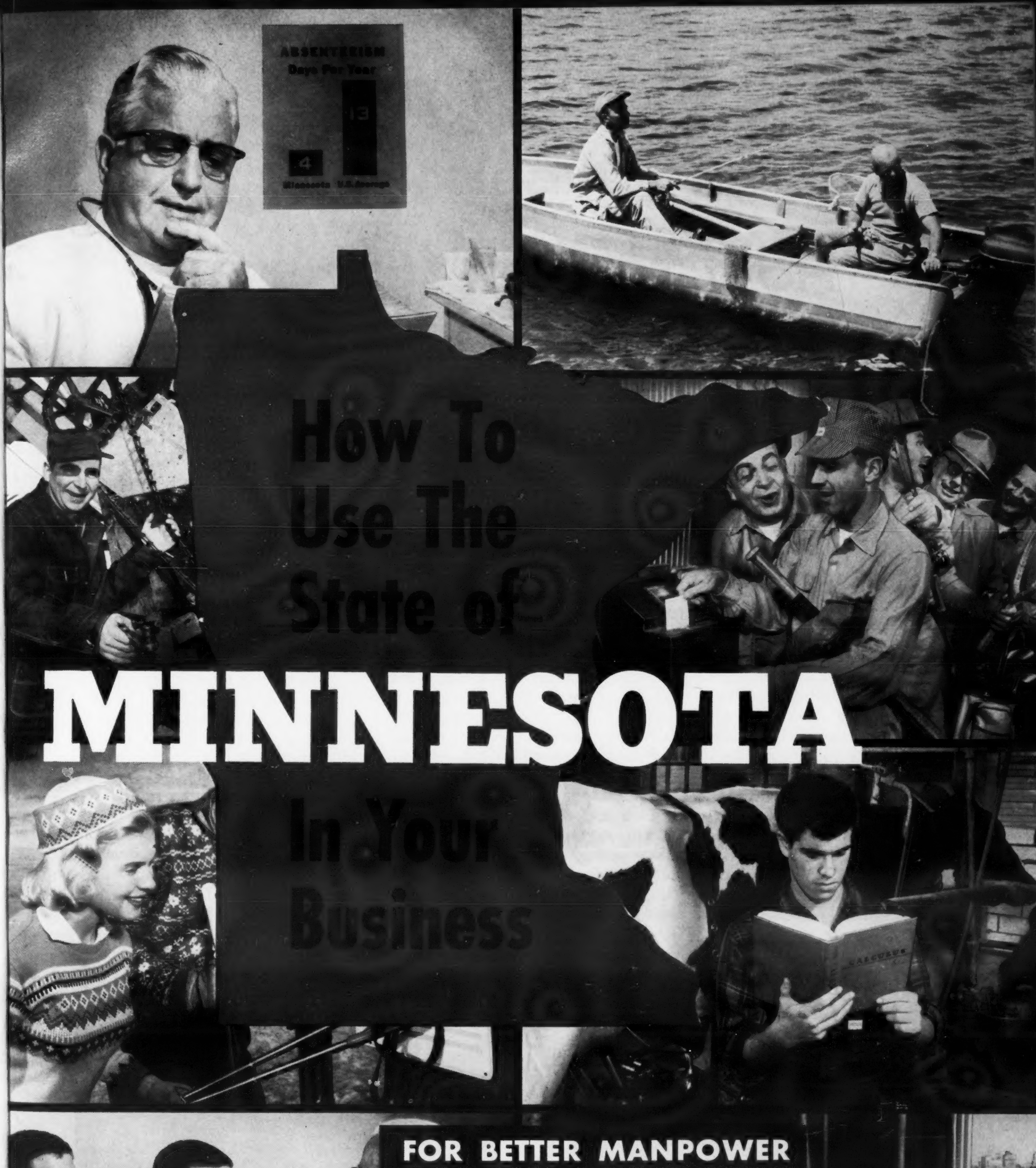
When the management sold the property, it took back a lease running 30 years and three days, with an option to renew the lease for another 30 years. Rental to be paid equaled the fair rental value of the premises.

In its federal income tax return for 1944, the store's management deducted the loss realized by the sale of the property. The Commissioner of Internal Revenue objected to the deduction on the ground that the property had not actually been sold.

The ruling—The Court of Appeals held that a true "sale" had taken place, rather than an "exchange" as alleged by the commissioner.

As many businessmen know, there is nothing intrinsically wrong with a sale and leaseback transaction, provided that the transaction is bona fide. Where, as in this case, both the sale price and the leasehold rental accurately reflect the market prices and rentals for similar properties, strong evidence exists to indicate that the transaction was indeed a sale.

Jordan Marsh Co., Petitioner, vs. Commissioner of Internal Revenue, U.S. Court of Appeals, Second Circuit, Docket No. 25195, decided Aug. 18, 1959.


ABSENTEEISM
Days Per Year
13
4
Minnesota U.S. Average
How To
Use The
State of
MINNESOTA
In Your
Business
FOR BETTER MANPOWER
FOR INDUSTRIAL SITES
FOR "WORLD-WIDE" TRANSPORTATION
FOR VACATION LIVING
FOR MORE CUSTOMERS

How To Get More Manpower For Your Dollar

Staff your plant with healthy, happy Minnesotans. You'll get hard-working, profit-making sons of pioneers—with a frontier inheritance of manual craftsmanship, a keen mind, and Paul Bunyan's famed zest for living!

One answer to today's problem of *more* manpower from a given budget is *better* manpower. That's why more and more employers today favor Minnesotans.

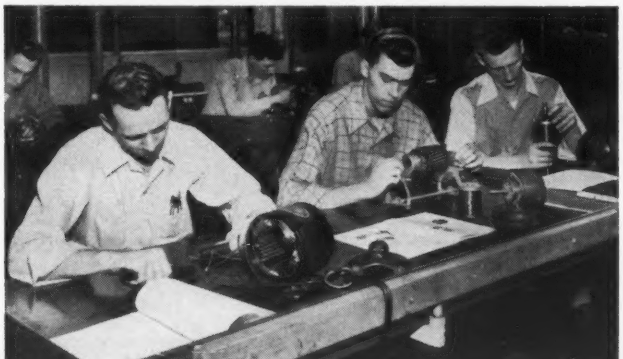
Minnesotans have inherited the frontier traditions of enterprise and deft manual talent for quality workmanship. Many of them are descendants of explorers, traders, lumberjacks, and plainsmen. Predominant among them are Scandinavians, Germans, and other northern Europeans who settled in Minnesota because of its resemblance to their homeland and the boundless opportunities it offered.

Production Higher Here

Today, the people of Minnesota still display the rugged individual-

Farm Mechanization Trend; 169 Schools Create Reservoir

Each year thousands of Minnesota farm boys "graduate" to responsible jobs in industry. The trend toward more highly mechanized farming creates and sustains this reservoir.



Within the 7-state area including and adjoining Minnesota there are 169 universities, colleges, and technical schools with an engineering enrollment of 23,444 men and women.

ism, high productivity, and stability of their forefathers.

Three million strong, over a third of them live in three metropolitan areas—Minneapolis, St. Paul, and Duluth. About 20% of them live on farms.

Nation's Top Labor Force

Minnesotans have a definite talent for the patient skill needed in delicate electronic and precision-item assembly. Due to their high native intelligence and good education, they are readily trained as research or laboratory technicians. In mechanics and in the industrial arts, they are exceptionally capable.

Skilled of hand, steady of mind, with a genius for thrift and a deeply-rooted respect for education, these people make up the nation's most desirable labor force. They are the kind of employees that make businesses flourish and prosper.

Today's Minnesota farmer is a part of industry's greatest reservoir of mechanically-trained workers. It is all due to a trend toward more highly mechanized farming.

Mechanized Farms Train Men

New labor-saving machinery frees each year a greater number of young farm lads for jobs in industry. These young men make ideal recruits for factory jobs.

As boys, they've grown up practically "teething" on tools. They have learned how to guide powerful tractors, how to utilize complex labor-savers like giant combines, how to apply the best tool to the job, and how to do on-the-spot repair.

Minnesotans Graduate to Industry

As young farmers, they've learned how to be self-starters, how to plan ahead and utilize every minute. They know how to work and how to think, how to make decisions and how to accomplish plans.

Finally as young men, they emerge well adapted and pre-trained for the needs of modern industry. Their unique skill and intelligence form the basis for one of Minnesota's several labor reservoirs —in an almost endless supply.

Healthy Minnesotans Top Nation In Brains

Selective Service tests prove Minnesotans to be healthier, huskier, smarter! One reason: Education is one of Minnesota's biggest industries.

The legend of the giant Minnesota lumberjack, Paul Bunyan, took on added luster recently with the publication of statistics noted by the Armed Forces and Selective Service groups. It confirmed what Paul Bunyan had claimed all along: that Minnesotans are healthier, huskier . . . more intelligent, too.

"Our greatest resource is our people," states Minnesota's governor, Orville L. Freeman, and the facts bear him out. Mentally, Minnesotans are tops in the nation. In the Armed Forces Qualification Tests, which measure a person's ability to absorb training and put it into practice, *Minnesota led all the states!* (See chart.)

Low Absenteeism in Minnesota

Physically, Minnesotans are healthier from birth on through life. They are born with one of the nation's lowest infant mortality rates. As adults, they have one of the country's lowest absentee records *(only 4 days a year absenteeism compared to the national average of 13 days)*. And in longevity, they are among the top 5 states.

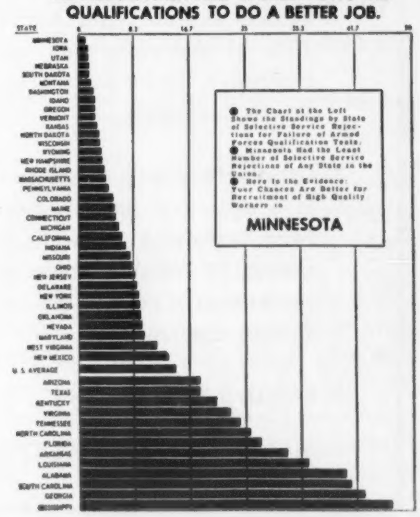
Education Stressed For All

As Minnesotans are rugged physically, so, too, are they alert mentally. One reason: Education is one of the biggest industries in the state of Minnesota.

Every child in Minnesota is offered a thorough education. Minnesota ranks second highest in the nation with 83% of its eighth graders going on to complete their high school educations.

On the higher educational level, Minnesota boasts a splendid array of 42 colleges, universities, technical, and industrial trade institutions. The huge University of Minnesota (2nd largest state university in the nation) is world famous for its fine teaching staff and for its vast research facilities. Its enrollment is now above 25,000, and is expected to reach 47,000 by 1970.

MINNESOTA MEN AND WOMEN HAVE THE QUALIFICATIONS TO DO A BETTER JOB.



Site-seeing? Don't limit your new location's future growth by failing to look at Minnesota. Learn how Minnesota's Industrial Development Committees have made it possible for you to get the facts needed to

Select from 424 Industrial Sites

A new business get a big welcome in Minnesota. Folks here are not only friendly, but they back their welcome with all-out help.

Development Groups Active

Approximately two hundred Minnesota communities have formed *Industrial Development Corporations.* They can furnish fast, factual information on 424 specific sites, availability of labor, utilities, and all the other details necessary for management to make decisions.

Quite a few, in addition, are able to arrange local financing for new buildings, land, and equipment to help you get started.

Water Rich Minnesota

Minnesota is the richest state in the union in water within its borders—over 2 million acres of it. 11,007 lakes of 25 acres or more, plus 7 navigable rivers and countless streams, help "bank" its water fortune. Underground is an almost inexhaustible reserve of water.

Around the St. Paul-Minneapolis area, for example, a huge underground natural basin of water supplies industrial needs with pump settings of often 100 to 150 foot depths. Commercial wells in this area are common with 1,500 gallons-a-minute supply.

The Mississippi River, originating in Minnesota, is a constant water source. Even in the drought-striken 1930's it furnished Minneapolis with as much as eight times the city's annual water needs.

Thus, in the face of disturbing water-shortage reports from around the nation, Minnesota offers industry an almost limitless supply of pure, cool, easily-reached water.

Electric Power Plentiful

Power is plentiful throughout Minnesota, and the supply is constantly growing.

Typical of the five major investor-owned public utilities in the state is Northern States Power Company, whose continuous construction program has accounted for an average expansion investment of more than $100,000 a day every day for the last 10 years! Two atomic-reactor power plants are planned for early completion in Minnesota also—indicative of the forward-looking attitude of power suppliers in Minnesota.

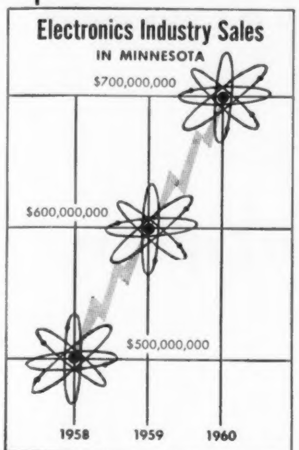
Quick Facts About "Mr. Minnesota"*

1. **Education**—In the 18th state in size of population, he supports the 2nd largest state university, and the 12th largest per capita school expenditure.
2. **Occupation**—He's a top-drawer skilled type: About 40% of Minnesota men are craftsmen, foremen, professionals, managers.
3. **Labor-Harmony**—He works in a state that ranks highest (with Texas and Connecticut) among 15 industrial states in percentage of days on-the-job without absenteeism.
4. **Leisure Habits**—He's out-door-living minded. 28% of Minnesotans own outboard motors. (The state rates a national first in fishing licenses sold and in outboards per family.) 71% go fishing, 47% hunt, 23% bowl.
5. **Home Ownership** — He's a home-lover. Minnesotans lead the nation in home ownership, with 75% of them owning their own homes—a 14% increase since 1950.
6. **Car Ownership**—He likes to get around easily: 20% of Minnesota men live in homes with two or more cars. U.S. multi-car ownership is 12%.

** From the Minneapolis Star and Tribune's Continuing Survey of Minnesota Living.*

Just one facet of Minnesota's diversified economy:

BOOMING ELECTRONICS INDUSTRY BOOSTS MINNESOTA TO 4th RANKING ELECTRONICS AREA IN THE U. S.



Most spectacular in its growth, of the newer industries in Minnesota, is the mushrooming electronics industry. Reasons for this growth are many, but foremost among them is the availability of skilled manpower. Trained Minnesota personnel are plentiful, while recruitment of scientists located outside the state for jobs here has been very successful. People like to live, work, and play in a vacationland like Minnesota. As a result, Minnesota has become the nation's preferred location for electronics firms.

Minnesota's electronics industries and associated engineering, research, and development organizations numbered 108 as of June, 1959. Of this total, 93 were located within the St. Paul-Minneapolis area. This area ranks 4th in the nation in electronics activity, behind New York, Los Angeles, and Boston.

Annual sales of Minnesota's electronics industry in 1958 exceeded $500 million. Total could easily reach $600 million in 1959. Electronics sales in the Twin Cities alone are well over $400 million annually. For the future, electronics industry in Minnesota may be one of the largest in the world.

Diversified economy is the keynote. Read what others say to learn

How You Can Grow In Prospering Minnesota

Minnesota is the marketing and distribution center of the rich heartland of America—the Upper Midwest. Besides Minnesota, this includes the states of North Dakota, South Dakota, Montana, western Wisconsin, northern Iowa, and upper Michigan. Minnesota is also one of the 10 "billionnaire farm states", and is the financial hub of the 9th Federal Reserve District.

Cohesive in trade and transportation, the area depends for its prosperity on a profitable and stable combination of industry and agriculture. Nationally-known firms have found this true of Minnesota.

IBM Says

International Business Machines Corporation, after selecting Minnesota for its new 13-million dollar plant, mentioned among its reasons for locating here: (1) "The educational and recreational opportunities offered"; (2) "Minnesota work force boasts unusual stability"; (3) "Minnesota's many good trade schools"; (4) ". . . the number of Minnesota engineering graduates in relation to engineering opportunities"; (5) "Minnesota has a work force of superior intelligence"; and (6) ". . . the inhabitants of (Minnesota) know how to spend their leisure time."

General Mills Says

General Mills, in announcing a program to recruit senior-level scientists, with a resulting new payroll tab of six million dollars yearly, cited advantages in the areas of outdoor living, culture, and community activities when recruiting out of state employees.

In a survey of General Mills' own employees, that firm found that their workers liked Minnesota "for its crisp, fresh air, the fishing, hunting, and other recreational advantages, the change of the seasons, the trouble-free school system, the friendly unhurried pace, and the many cultural advantages."

Sperry-Rand, St. Regis Paper Co., General Mills, Liquid Carbonic, Owens-Illinois Paper Co., Minneapolis-Honeywell, Minnesota Mining & Manufacturing, Brockway Glass, Chun King Foods, just to name a few firms with national distribution, have announced or are completing building projects here costing from 1 to 13 million dollars.

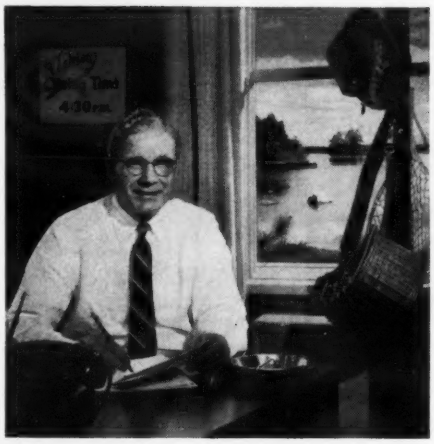
Diversification Means Stability

From the vast iron, taconite and timber reserves in the north, through the giant industries of the metropolitan centers, the central dairy areas, and out to the rich, "seldom-a-crop-failure" farm regions in the southern and western part of the state, Minnesota shows a remarkable diversification.

As to the future, the St. Lawrence Seaway opening, plus Minnesota's favorable labor situation and wide variety of raw materials, point to an outlook that favors Minnesota for a more-than-proportionate share in the industrial expansion of our nation's economy.

11,007 sparkling blue lakes, pine-filtered air, week-ends at the beach, fish that wrench a fisherman's arm, backyards big enough for outdoor entertaining... these are all a part of Minnesota's promise of

How To Keep Executives Happy



"Closing time" is "fishing time" in Minnesota because most everyone is seldom more than minutes away from a genuine fishing lake

Relaxation is one key to sound thinking. That is why living in Minnesota contributes so much to the relaxed, efficient attitude of Minnesota executives. They have no commuting problems. No daily merry-go-round getting to work. Outdoor relaxation is always but minutes away from home or work. As a result, executives find more time to relax, more time for their families, and more time for fun.

In most any Minnesota city a person can be at a real fishing lake in less than 20 minutes after leaving his desk. More than 122,000 miles of modern highways lead him smoothly to the lake of his choice. Amidst nature's own air conditioning, work-worn nerves relax and are rejuvenated in Minnesota's cool pine-scented air.

Minnesota is a good state for family living. Three out of four homes have a garden. Most every yard is big enough for outdoor entertaining. And one-third of the state spends their week-ends "at the lake." Water fun is available to everyone, because with over 11,000 clear blue lakes, most everyone is seldom more than ten miles away from a good-sized lake.

Minnesota Way of Life

It all adds up to the Minnesota way of life: when a person lives and works in Minnesota, *he really lives.* In this land of sky-blue water, parks, pines, and wholesome family fun, families are happier. They work harder; produce more. They help give Minnesota business the growing prosperity it now enjoys.

FREE—

For colorful 44-page booklet describing Minnesota's vacation scenery and historic sites to see, write:

VACATIONS, Minnesota State Capitol, Dept. 287, St. Paul 1, Minn. (or circle number 131 on your Reader Service Card).

There is no satisfaction equal to that of landing a fighting-mad Minnesota game fish, of many varieties, unless it be eating one of these tasty fresh-water morsels.

How To Do World-Wide Business In Mid-America

Gain the economies of an ocean port, while reaping profits of a central U.S. location in a transportation hub—all in Minnesota!

The new St. Lawrence Seaway has opened the ports of the world to Minnesota manufacturers with a deep-water route from Minnesota's doorstep at Duluth. It makes it possible for manufacturers who are 1500 miles inland from the sea to compete effectively abroad. And it is expected to boom business in Minnesota by providing a new entryway for U.S.-foreign trade to channel into western states.

Rail Hub

Ten trunkline railroads serve Minnesota. They bisect the state with a vast network of over 8,000 miles of track—a mile of railroad for each 10 square miles in the state. Service is fast. In fact, some of the fastest running time scheduled in the nation is clocked from St. Paul-Minneapolis to Chicago.

Highways, Air, Water

21 fast highways enter the state. They speed traffic along Minnesota's 122,726 miles of hard-surfaced roads—the fifth highest road mileage total in the United States —more than New York or Pennsylvania.

Some 100 common truck carriers operating out of St. Paul-Minneapolis, third largest truck terminal in the nation, serve the entire region.

In the air, Minnesota's seven commercial airlines radiate to all parts of the world. In addition to the metropolitan airports, the state has 224 other airfields.

Although Minnesota is an inland state, water transportation is important. Barge traffic on the busy Mississippi river brings shippers an all-water route from the Gulf to the heart of Minnesota. And the Port of Duluth has been the second largest tonnage port in America, surpassed only by New York.

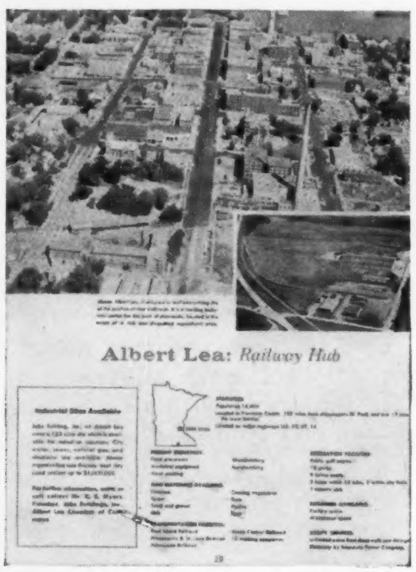
Five oil lines and two natural gas pipelines enter Minnesota to keep Minnesota on the move, furnishing ever ready low cost fuel.

Minnesota's seaway port of Duluth, western-most terminus of the St. Lawrence Seaway, has a new 10 million dollar public marine terminal.

Minnesota's award-winning book on plant sites, illustrating with photos and fact data about 424 industrial sites in Minnesota, shows you

How You Can Take An Armchair Tour of Minnesota's Industrial Sites

Now you can site-see Minnesota from your desk! Minnesota offers interested firms a fact-filled 112-page book with pictures and facts about the latest industrial data on 123 Minnesota cities, their available sites, and names of local contact.



Typical page
in Minnesota site book.

If you would like to know which of Minnesota's natural resources, raw materials, or recreational advantages are available in each major Minnesota city, this book will tell you.

To make the best use of their physical advantages, many Minnesota cities have established modern "industrial parks." Some 20,000 acres have already been laid out in a score of such parks.

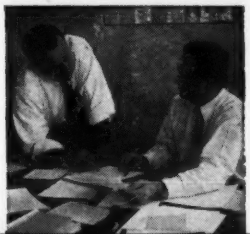
Thus, if you are looking for expansion facilities, a branch operation site, or complete relocation sites for a main office, a factory, or a warehouse, don't overlook Minnesota. *It may be the most successful move your firm will ever make!*

Minnesota is one of the "breadbaskets" of the world. It leads the nation in amount of butter manufactured. It is tops in production of sweet corn. It supplies important amounts of flax, oats, other grains, turkeys, and hogs. Food processing is an important industry here.

From the earth, Minnesota supplies much of the nation's iron ore and taconite. Vast timberlands support a wood products industry for paper, insulation, and a host of new products, with an annual value of more than $180 million. Along the banks of the Mississippi river in southeastern Minnesota lie mammoth beds of limestone. The state has in addition, large reserves of peat, granite, sand, gravel, marl, and clay. And at Minnesota's "side door" is the fabulous Williston Basin with its relatively untapped reserves of rich crude oil (closely adjoining the nation's largest deposit of lignite coal).

WRITE on your firm's letterhead for a free copy of "Minnesota Welcomes New Industry," or circle number 132 on your Reader Service Card.

WRITE: Department of Business Development
State Capitol, Dept. 442
St. Paul 1, Minnesota



Clip out and route to:

Workshop for Management

PRACTICAL IDEAS YOU CAN USE RIGHT NOW!

PROFIT MAKERS

FOLLOW THESE DICTATING DO'S AND DON'TS

■ Here are some helpful hints on how to dictate.

1. Organize your thoughts before you begin. Present them in logical sequence.

2. Begin dictation with your name, stationery to be used, number of carbons, other special instructions.

3. If possible, open with good news or a compliment. Reserve less welcome or self interest thoughts until after you've eased the way.

4. Start a new paragraph with each new idea. Dictate punctuation and paragraphs.

5. Keep your sentences short. This will automatically improve clarity and conciseness.

6. Avoid stock, hackneyed expressions — "Attached hereto you will find . . ."

7. Don't be curt. Say it the friendly, human way.

8. Spell out proper names and unusual words.

9. Exaggerate syllables.

10. Be polite and personal—sign your own letters.

DON'T IGNORE ERRORS—UNDO THEM

■ Even the most successful executive makes an error occasionally. What he does to undo that rare mistake is what counts.

Here are some steps, suggested by *Printers' Ink*, to take when you make a decision that proves wrong:

1. Analyze your mistake thoroughly before you do anything to correct it.

2. Examine the nature of your error. How serious is it? Will it affect only you or others? If allowed to go uncorrected, will it impair or hinder company operations or prestige?

3. Determine the cause of your error. Was it due to insufficient facts, lack of foresight, snap judgment? Are you likely to repeat a similar mistake? What can you do to insure against recurrence?

4. Admit your mistake to anyone involved, but don't be negative. Think in terms of the company rather than yourself. State "X has happened, Y has resulted and Z is what we're doing about it."

5. Don't let mistakes destroy your confidence. The active role of decision making necessarily involves the risk of error.

ATTENTION GETTERS

GAIN REMEMBRANCE VALUE WITH DISTINCTIVE SIGNATURE

■ If you'll think back over your last stack of mail, you'll remember a few signatures that attracted your attention.

For instance, if you've ever received a letter from the president of Oravisual Co., Inc., chances are you remember his name. J. de Jen not only flags attention with red ink but his style of signing is a work of art.

You, too, can gain attention and remembrance with the way you sign your name. For instance, choose one color and stick with it—say brown or green. Or match your ink to your letterhead. Sign with a flourish or develop a symbol.

For the name Van Ormen, for

example, a vigorous O surrounding a small v might be your trade mark.

One note of caution: if yours is a fancy flourish, illegible scrawl or symbol, make sure your name is spelled out in print or type.

And remember you can use your attention getting signature effectively in other places besides letters —annual reports, editorial type advertisements and calling cards.

To keep the personal touch and still avoid the chore of signing greeting cards or form letters, you can have a facsimile printed.

LURE PART TIMERS WITH A RECRUITMOBILE

■ In clerical shortage areas, it pays to put on a local attraction to attract workers.

For instance, shoppers in a Chi-

cago suburb supermarket center noticed a gaily colored Volkswagen. It was an Employmobile dreamed up by Workman Diversification Enterprises, Inc., supplier of temporary and part time help.

Many housewives—not consciously job seeking—became interested in the possibility of returning to work when they investigated the employment office-on-wheels. In fact, 25 women were signed up the first day.

The mobile unit, complete with trained counselors, is equipped to interview and test all comers. "It's a case of bringing jobs to the workers and the most successful recruiting drive we've tried yet," says President Samuel L. Workman.

MORALE BOOSTERS

RECOGNIZE AND RELIEVE EMPLOYEE TENSION

■ MUCH ADVICE is put forth on how to alleviate executive tensions. But employees down through the ranks are subject to much the same stress and strains as men at the top.

In fact, 65% of all dismissals are not because a worker is technically inadequate, but because he is emotionally inadequate. What's more, causes of absences, experts find, are more likely to be psychological than physical. Further, emotional stress interferes with output, efficiency and safety.

In attacking this serious problem of employee tension, where does management start?

President Charles J. Zimmerman, Connecticut Mutual Life Insurance Co., speaking before his company's recent Forum on Mental Health in Business and Industry, said management must first face up to its own blind spots toward employees' personal problems.

President Zimmerman suggests that executives ask themselves:

1. Are we super experts at giving people the brush off?
2. Do we settle for superficial solutions to human problems?
3. Do we have the genuine interest in each man's problem that will bring about a real solution?

Of course, the chief executive cannot do the job alone. But he can put the machinery in operation to prevent psychological upsets, to recognize employee tension when it occurs, and to take steps to cure or relieve environmental and emotional irritation.

FREE OLD TIMERS FROM TIME CLOCKS

■ IT'S NOT ALWAYS the earth shaking measures that create the most goodwill. Take, for example, the simple but effective prestige symbol enjoyed by veteran employees at T. Eaton Co., Ltd. in Toronto.

On reaching his 25th anniversary with the firm, each employee becomes his own timekeeper. He no longer has to queue up to punch a time clock or sign a sheet.

Freedom from this routine gives a daily boost to all employees thus

honored. What's more, the old timers are meticulous about maintaining good attention records once they've achieved the status of being their own timekeepers, President John David Eaton reports.

REVIEW YOUR OFFICE WITH AN EYE TO SAFETY

■ MANY OFFICE ACCIDENTS can be prevented by common sense and courtesy. Use this check list as a guide to safe practices and hazard free surroundings.

☐ Keep aisles free. Close file and desk drawers when not in use. Open only one file drawer at a time.

☐ Don't overload circuits with octopus extensions. Check electric cords and connections for defects. Leave repairs to electricians.

- ☐ Check floor covering for frayed or worn spots. Specify non-skid wax for floor polishing.
- ☐ Properly guard machines—especially units as lethal as paper cutters. Unplug power units before cleaning or adjusting.
- ☐ If you have to climb, don't improvise or over-reach—use a steady, sturdy ladder.
- ☐ Don't smoke near a duplicating machine or near any flammable fluid. Never rest a cigarette on anything but an ashtray.
- ☐ Keep the first aid kit handy and filled with all necessary supplies. Don't take a chance—use it when there is an accident, however slight.

You may think your office is quite hazard free. Yet white collar workers suffer 25,000 disabling accidents each year in U. S. offices. Don't let any of your staff be an accident statistic.

TIME SAVERS

CHECK YOUR LAYOUT FOR THESE EFFICIENCIES

■ To ACHIEVE EFFICIENT LAYOUT for your office, here is a check list of several basic rules to follow:

1. Where possible, utilize open areas for clerical work. One single area permits maximum space utilization, better supervision, communication, lighting and ventilation.

2. For privacy, consider use of movable walls. Such partitions are easy to install and can be quickly re-arranged at will. Consider part-way partitions with clear or opaque glass for better light and ventilation.

3. Plan adequately for all electrical or structural requirements for office equipment and fixtures.

4. In assigning work stations, have procedures flow forward in straight line.

5. Group individuals with related work assignments.

6. Centralize equipment, acces-

sories and supplies at location most convenient to all users. To reduce walking and waiting time, consider installing more than one of commonly used items, such as pencil sharpeners, time clocks and copying machines, at strategic spots.

7. Locate fountains, vending machines, lockers or sign-in sheets where they will cause the least distraction and congregation.

8. In assigning working areas, provide for peak loads rather than minimum or normal requirements. Try to plan for probable expansion.

9. Don't place desks facing windows, too near heat sources or in line of drafts.

10. As a minimum, allow 50 to 75 square feet per worker. Aisles should be at least three feet wide—much wider if heavily traveled.

11. If possible, face employees in one direction, with daylight falling over left shoulder. The department manager's desk should be at rear of the area for easy supervision.

12. Avoid the distraction of having workers face each other. Do not abut desks unless separated by a partition.

PROBLEM STOPPERS

STOP EMPLOYEE GAMBLING BEFORE IT STARTS

■ Managers may disagree on the right or wrong of gambling. But most agree that working hours on company premises are neither the time nor place for it.

Yet a full fledged gambling problem can develop without your being aware of it—often from the most innocent beginnings of a simple football pool, for example.

Costs can be high in terms of time wasted, development of dishonesty in employees—even influx of outside gambling elements.

The only sure preventive for the evils of gambling is to stop it before it starts.

Basically, existence of a pool in your office or plant may not interfere too much with efficiency and production, and may contribute to good morale. But this simple fun of wagering may pave the way for organized gambling.

It may encourage an employee who likes the numbers game or rac-

ing to become a runner or bookmaker for a policy operator. Besides being illegal, both operator and runner constantly try to increase the weekly take.

Your premises shortly become a headquarters for the policy racket. Many employees take too much time from the job and lose more money than they can afford.

By not nipping innocent wagering in the bud, you encourage theft or embezzlement among workers to cover heavy losses. And the organized gambling racket being what it is, your employees may become involved in violence and other crimes.

To protect your staff from the evils inherent in major gambling, simply enforce a strict rule of no gambling in any form.

Recognizing the problem as a serious one, the National Labor Relations Board in several decisions has ruled that gambling on company premises is reasonable grounds for dismissal.

Many unions also have clauses in their contracts labelling gambling as a just cause for dismissal.

PROTECT PRESTIGE OF EXECUTIVES WHEN YOU MERGE

■ Combining two managements into one can endanger the status or self esteem of individual executives —especially when titles are changed and offices are re-assigned. Companies can prevent dissatisfaction of any implied change in status by paying close attention to the physical quarters that will house these shifted executives.

Architect - Designer J. Gordon

Photograph taken at Miracle Mile Shopping Center, Pontiac, Michigan.

Burroughs Electronic Accounting machines speed ledger postings 66⅔% for *J.C. PENNEY*

"Always First Quality" is the standard of excellence that the J. C. Penney Company applies to its broad lines of merchandise and to the equipment that controls its internal operations.

Case in point: the five Burroughs Electronic Accounting Machines that this billion-dollar-a-year firm uses for posting the income and expense ledger cards for each of the 420 stores in its Eastern Region and for daily posting of accounts payable ledgers for J. C. Penney's 10,000 vendors.

Penney's says "The great speed and automation of these very advanced machines enable our operators to post over 1,000 entries a day as compared with 600 on conventional equipment —a gain of over 66⅔%."

Speed? Automation? Among many other functions, the Burroughs Electronic Accounting Machines position forms automatically to the correct posting line, electronically verify proper account selection and electronically read and print out the balance.

What about your accounting or data processing problem? Is it a big, uncommonly complicated one? Or a small, relatively simple one? There's an advanced Burroughs answer—from electromechanical and electronic accounting machines all the way to giant-capacity electronic computer systems.

Call our nearby branch office and talk with a Burroughs Systems Counselor right away. Or write to Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

Burroughs—TM

Burroughs

Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

(Circle number 111 for more information)

Carr offers several guideposts to make the transition a smooth one—with no apparent loss of prestige. "The most effective rule to follow," says Mr. Carr, "is to protect the status symbols important to a man's pride." Whatever his new title, his physical office facilities should be at least equal to those he enjoyed before the merger.

As a case in point, in a recent combining of two corporations which coincided with a move to new quarters, the president of one became executive vice president of the consolidated organization. His office and the president's office are of equal size and prestige.

In another recent reorganization, the integration of four presidents was involved. In the new location the four men, regardless of titles, enjoy quarters of the same size and impressiveness. Each had free rein in decor and furnishing.

Companies can also use status symbols to soften otherwise difficult situations.

For instance, if in a merger space limitations will not permit a larger office for an executive with a higher status, his rank can still be proclaimed by refinements of decor and furnishings.

This prestige treatment could include carpeting, luxury drapes, L-shaped or custom desk, special or built-in communications equipment, fabric wall covering, cove lighting or objet d'art accessories.

Comparable psychological problems will exist at all management levels down through the ranks. Careful apportionment of prestige symbols can result in satisfaction for all concerned.

If you're contemplating a merger, plan ahead to avoid punctured pride. You may want to call on an office designer to prevent psychological problems from developing, Mr. Carr concludes.

Ten dollars short

In the September issue, the Post Office charge for returning envelopes bearing postage indicia was incorrectly quoted. The cost of this service is $60 per 1,000 envelopes—$50 is the charge for returning 1,000 postal cards.

FOUR MANAGEMENT PSYCHOLOGISTS TELL YOU:

Dr. Robert N. McMurry,
President, The McMurry Co., Chicago

"Most of this human relations stuff is bunk! It's the autocratic, aggressive executive who gets real results from his subordinates."

Dr. James N. Farr,
President, Farr & Glasscock Associates, New York

"How an executive's mind works is as much a part of communications as his written memos."

Dr. Donald H. Dietrich,
President, Donald Dietrich & Associates, Chicago

"Overly-aggressive managers can damage a company if they make their associates feel inadequate."

Dr. John R. Martin,
President, John R. Martin Associates, New York

"Communications problems exist because the boss doesn't know how to handle his own authority."

How to tackle the

PROBLEM NUMBER ONE:
Your ability to manage others

PROBLEM NUMBER TWO:
Your ability to manage your own aggressiveness

You can magnify your personal strength as a manager. You do it by understanding certain key facts about yourself and how you get things done through others. To bring you these facts, MANAGEMENT METHODS has interviewed leading management psychologists. They were asked the kind of penetrating questions you have probably pondered yourself. Here are their answers, direct from the interview tapes.

"My subordinates take twice the time I'd need to do their work."

"I can't get men to do a job the way I want it done."

"I get the feeling my people resent me."

"I often get opposition instead of cooperation."

These are common executive complaints. Do they show failure on the part of subordinates?

On the contrary, comments like these often are symptomatic of serious—but correctable—shortcomings in the executive himself. That's the report of some of the country's leading management psychologists.

The trouble is, say the psychologists, that many executives misunderstand the power they hold in their own personalities.

To find out how executives can release and channel

problems of your personality

this personal power, MANAGEMENT METHODS has interviewed leading management psychologists. The interviews were conducted in depth and they were tape recorded.

The chief questions aimed at the psychologists were these:

■ **When an executive fails to make his subordinates understand what he wants, what's the problem?**

■ **How can a man control and channel his personal aggressiveness to make himself a better manager?**

■ **How can you predict whether an executive will succeed or fail in a certain job?**

■ **What actions can a company take to cause an executive to give all he's got?**

The psychologists' answers to these questions are based on years of study and experience with executive problems. So brimful of meaningful ideas are their words that MM's editors have left the interview transcripts largely unabridged. This month's article presents the psychologists' answers to the first two questions. The answers to questions three and four will appear next month.

Now listen to what the psychologists say about the problems of executive personality:

QUESTION NUMBER ONE:

When an executive fails to make his subordinates understand what he wants, what's the problem?

"Even middle managers tend to be dependent. That's why the boss has to be autocratic."

Dr. Robert N. McMurry,
President,
The McMurry Co., Chicago

Q. Dr. McMurry, when subordinates don't do the job an executive expects, has the executive failed to get through to them?

MCMURRY: Yes. He's failed to take them by the hand and lead them along. Twenty-five years of work in the management field have proved to me that many members of lower, middle and even top management are dependent, insecure and ineffective. They don't want to —and won't—think for themselves.

Most people will produce because they are bossed by a strong, driving executive who defines and structures their jobs for them, who makes his expectations clear. The sooner top executives recognize this fact, the sooner they'll be able to communicate effectively.

Q. Isn't this a pretty dim philosophy—that most people have to be led?

MCMURRY: It sure is. But it's a practical one. Spell out what you want done, and most likely it'll get done pretty well. But when the top man just sketches a project he wants done and leaves the subordinate to fill in the gaps, he's in the dangerous position of assuming too much.

Q. What is he assuming?

MCMURRY: He's assuming, first,

"I wouldn't hire a man without the guts to speak up when he doesn't understand something."

that the subordinate has the ambition to use his own initiative and, second, that he has some initiative or some creativity to use.

Q. Doesn't an executive have to assume some sort of ability on the part of his subordinates?

McMurry: Sure he does. He has to because he's so damned busy. Here's what happens: an executive gets a problem and figures out how to handle it. He calls in a subordinate, tells him what he wants done, and goes on to something else. He has, in a sense, "delegated" the work. He gets it off his mind to free himself for other jobs. But too often he hasn't made himself clear. His failure is that he has not structured the assignment sufficiently. Most important, he hasn't asked for a "feed-back." He hasn't asked his subordinate.

Q. Why hasn't he?

McMurry: Because most often, top executives are aggressive, fairly autocratic and hence not too patient men. They give out an order, or outline a problem, and expect it to be handled quickly and efficiently—as if they were doing it themselves.

Sometimes such things as simple courtesy or explaining problems in detail or asking for a "feed-back" never occur to these men. They got to the position they're in because they're aggressive. So they do things aggressively, which hurts their communicative techniques.

Q. What specific techniques can an executive use to make people understand him better?

McMurry: Management is always looking for sovereign techniques that will improve communications between superior and subordinate. I don't think there are any.

Rather than develop gimmicks and quick techniques, I think it would be better if executives encouraged their subordinates to speak up when they don't understand a point. Get them to ask questions. Stimulate them. But don't treat them like sponges with the ability to absorb everything that is said.

Look at it this way: How's the top man going to know whether he's getting through to his people or not? He's got to have some response other than a bunch of heads nodding.

In the long run, of course, he'll find out if he got across by the way projects are carried out. But if they're botched up, then it's a little late to clarify what he wanted done in the first place.

Q. But isn't it true that some subordinates are afraid to speak up . . . afraid of appearing stupid if they don't understand?

McMurry: In the first place, I wouldn't recommend the hiring of men without the guts to ask when they don't understand something. There are ways, however, to find out whether you've gotten your point over. Ask the man pointedly to explain just what it is you want him to do. If he can explain it to your satisfaction, you're coming through or, if you will, communicating well.

If the man fumbles the explanation, chances are you didn't outline your wishes completely enough in the first place. Go through it again, step by step.

Q. That would take an awfully long time, wouldn't it—to make

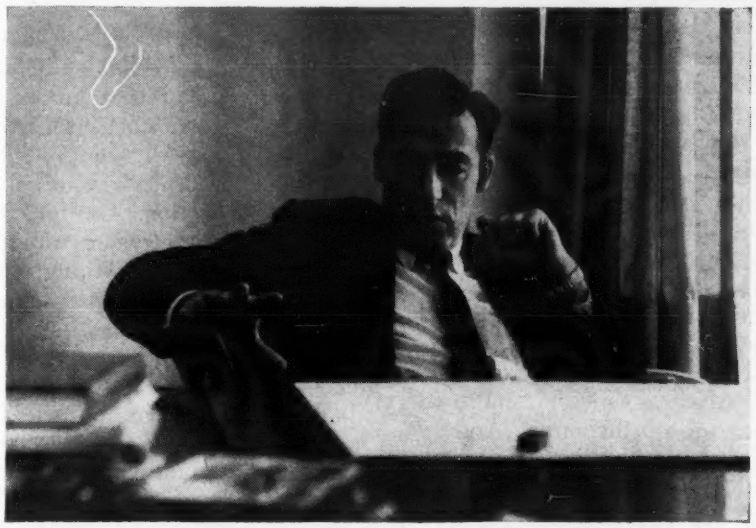
sure every little point is spelled out with absolute clarity?

McMurry: Yes, it takes a lot of time. But isn't it better to spend a little extra time at the beginning of something and get it done right? Think of the waste when the whole job has to be done over because of faulty communication.

Q. You paint a pretty discouraging picture of the men executives have to rely on to get a good part of their jobs done. If so many subordinates lack initiative, what are some ways an executive can build a strong "second team" for himself?

McMurry: Hire more carefully is the first thing he should do. It's surprising how many executives surround themselves with "yes men"—and keep them even when it's clear they haven't the ability to use their own initiative.

Good managers will develop largely through their own effort—not yours. But the raw material has to be good. No technique can make a stronger manager out of a weak man. **END McMURRY ANSWER**



"Comments like, 'I just can't seem to talk to him' signal a breakdown in interpersonal communication."

Dr. James N. Farr,
President,
Farr & Glasscock Associates, New York

Q. Dr. Farr, when subordinates fall down on a job, can it be because the boss is a poor communicator?

Farr: Sometimes. But lately it seems that when a project misfires, everyone blames it on communications and lets it go at that. Seldom do we stop to consider what communication really means. Any kind of communication within a company implies a complex and sensitive set of operations.

You can't just say, "Well, my subordinates don't seem to be getting the job done right. We'll get a communications specialist in here to fix up the channels and get things running right." How an executive's mind works is as much a part of communications as his verbal conversations.

Q. What does communication really mean?

Farr: Communications, generally, divide into three parts: formal communication, interpersonal communication and intrapersonal communication.

The first—formal communication—is the actual words you use to convey a thought. This type includes memos, letters, spoken requests or reports. It has been talked about for years and is the most measurable kind of communication.

Q. By measurable, what do you mean?

Farr: You can make a study of the paper flow of a company to see if it is efficient. And you can observe who says what and to whom. In the realm of formal communication, you can make specific recommendations to smooth the physical flow of written and verbal material.

Interpersonal communication is far more complex, and much harder to straighten out if that is where the difficulty lies.

Q. What does interpersonal communication imply?

Farr: It means simply: what is your personal impact on others? It is the level of communication just under the words you choose to get your point across. Interpersonal communication is what others are thinking of you—and you of them—during formal communication.

In other words, how do your status and personality influence others? Do these two factors make your assistants want to work for you, or do these factors tend to deter them?

Q. If there is a communications barrier between two or more men, how do you know if the breakdown is at this interpersonal level?

Farr: Comments like, "He's cold," or "he's too pompous," or "I just can't seem to talk to him," are a tip-off to trouble.

Now, no one is going to say these

"Here's the measure of whether communications will really work: does the boss's status or personality make others want to understand him?"

things to his superior, face to face. Yet the executive has to know how people feel about him—what his personal impact on them is—before he can take steps to improve. In this area, a psychologist can perform a valuable function. He acts as a reflector with which the executive sees himself through the eyes of his subordinates.

Q. You mentioned intrapersonal communication.

FARR: Yes. This third type is where the bulk of real communications problems lies. Intrapersonal communication means, actually, "communication within yourself—awareness of your own motives, your own defenses and how they both affect your behavior. In short, it means how your psychological makeup affects what you say and how you say it.

Q. Are most executives aware of how their personalities psychologically affect their co-workers?

FARR: No. No man can look at his personality objectively enough to determine what facets of it affect people favorably and what facets affect them adversely.

Q. How do you analyze a man's personality to discover the good points and the bad ones?

FARR: Look for certain consistent patterns in him that affect his reactions to situations. These patterns are often the key to psychological motives that determine his actions.

For example, one pattern I've found consistent in some executives is argumentativeness. Someone makes a suggestion; they counter with an argument. Psychologically, they see every suggestion as a threat to their positions, or to their ability to contribute. They feel, "Why didn't I think of that?" They react negatively in an effort to belittle the suggestion that another person makes.

It's easy to see how men like this, kill their own attempts to communicate. After a time, no more suggestions are forthcoming. And they may force subordinates actually to dislike them.

Q. If you get a man with a behavior pattern like this, how do you correct it?

FARR: Get him to recognize it. Don't forget, he doesn't argue as a conscious effort to discourage his subordinates. He does it unconciously psychologically.

For instance, if I'm working with a man like this, I'll bring up a case where he argued down a good suggestion. I'll ask him why he did it. He might try to rationalize for a while, but in most cases, he'll admit that his arguments don't hold water. Then he sees that he was treating the suggestion as a threat.

One executive with whom this worked found a simple way to lick this negative reaction. He forces himself to listen to every suggestion fully, without saying anything. If he has objections, he writes them down after the talk. Then he analyzes them for validity.

Since he's started this system, he's had a far more favorable effect on his assistants. Their reactions to his changed personality, in the form of increased interest and participation, proves it. **END FARR ANSWER**

Q. Dr. Dietrich, when an executive fails to get his ideas across, what is commonly to blame?

DIETRICH: The way he makes his wants known, most likely. If he's inconsiderate — too quick or too abrupt — he's liable to alienate those around him. When an executive loses that certain closeness between himself and his associates, communications suffer.

Q. Why?

DIETRICH: Because they begin to resent him as a person; distrust him and his motives; feel he doesn't have confidence in and respect for them. Consequently, they resent what he says.

A problem like this came up during a meeting of one company's top executives. A very gifted man was explaining a point, but getting too elaborate and involved. The president cut him short with, "Oh, that's asinine. Let's get on with the business."

The subordinate's elaboration was unnecessary, but no one thought about that. Afterwards, the executives told me they were furious that the president would say something like that in front of the rest of the group. It will take a lot to repair the damage of that one unconsidered remark.

"When subordinates resent the way their boss acts, their performance—and the company—suffers."

Dr. Donald H. Dietrich,
President,
Donald Dietrich & Associates, Chicago

Q. Are there techniques an executive can use to improve his communicative methods?

Dietrich: Yes. He can learn to listen. He can exercise more tact and good judgment in what he says and does. Actions speak louder than words, and he can sell himself and his ideas up, down and across more effectively. Paradoxically, many executives have trouble with communications because they are unusually bright men. They don't need everything drawn out for them. They can make leaps from one major point to another and fill in any gaps mentally.

Unfortunately, not everyone is like that. Subordinates often need a fuller explanation of what is expected of them than they get. But executives sometimes get impatient. They snap out an explanation and leave it at that, unconsciously giving the subordinate credit for mental prowess that he may not have, and often leaving him confused, frustrated and resentful.

Executives could profit by using the Socratic approach—ask the man probing questions and let him provide the answer. It's a way of showing that you have confidence in him and respect his judgment. It guides the subordinate's own modes of thinking and encourages him to contribute more. And by *forcing* him to think, you are developing a practical problem solver.

Q. Are there any cases you can think of to show if this method really works?

Dietrich: I had a case in one company where the management felt obliged to put a not-very-capable man in a responsible position. They asked me to help him find operating methods that would enable him to function more effectively.

The key was for him to get as much as he could from his juniors. That meant he had to develop a finely tuned method of intercommunication that would really produce results.

I made an example of the man's predecessor — a full-steam-ahead type who seldom listened to anyone's ideas. I suggested to the new man that he do the opposite; in other words, find out what others had to contribute.

He was very successful. He knew enough to ask the right questions. He'd collect as much from his assistants as he could, then collate it or pick out the best solution. People liked and respected him because he respected them. Result: an efficient, effective department. And all because he merely listened; asked the right questions, and had faith and confidence in his men.

Q. Things like informal meetings, newsletters and conferences have often been suggested as aids to better understanding within an executive group. Do you recommend such specific communication techniques for a company?

Dietrich: Definitely. I think the chief executive should have periodic contact with his juniors to discuss the state of the union within departments and to review what the company is planning and what action is planned for the immediate future. If there are conflicts, they can be resolved ahead of time. No one feels left out in the cold.

The one major reason most companies have difficulties is that the executive group does not get together for evaluation and major problem solving on long and short range basis.

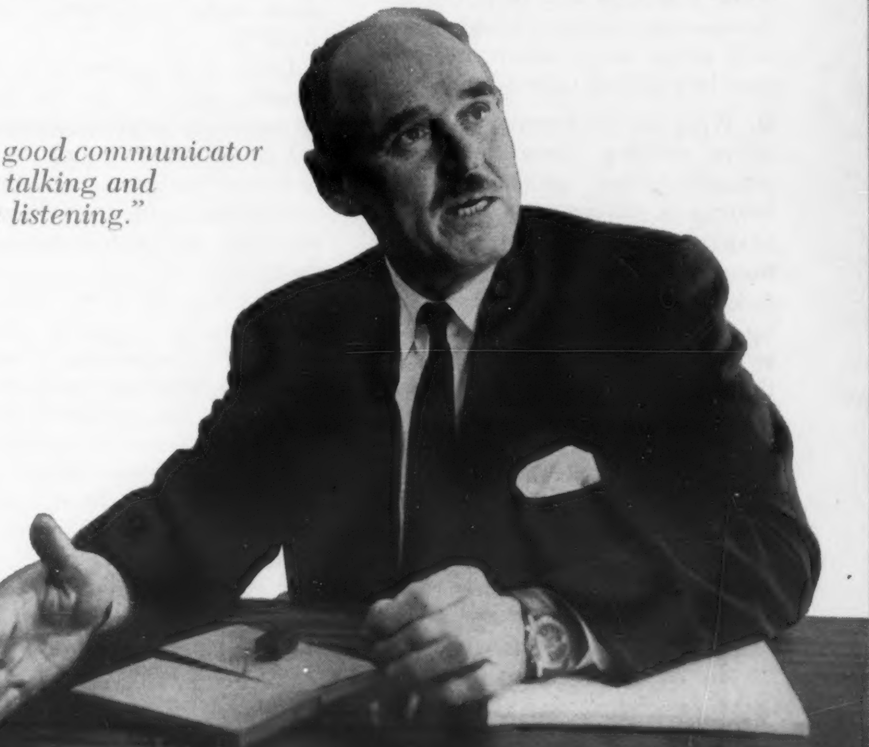
Q. But many executives complain that they're always tied up in conferences. How can a company skirt this "endless-conference-problem" and still let everyone know what is being planned?

Dietrich: Keep meetings short, to the point and, where possible, regularly scheduled. Pick a chairman who has the faith and confidence of the group—a real leader who is intelligent, dynamic and a good coordinator; one who can elicit the best from each man in the group. Let each man have his say. Immediately refer involved matters which cannot readily be decided to sub-committees for review and recommendation. End it promptly. You can use meetings like these not only to disseminate information, but to develop junior managers.

Give each participant a time limit if necessary. Break in tactfully when required to keep the show on the road. And make sure that the moment the purpose of the meeting is reached, the meeting ends.

END DIETRICH ANSWER

(Article continues on following page)



"The good communicator stops talking and starts listening."

"Bosses don't know how to handle their authority. Many become either apologetic about it or overbearing or unreceptive."

Dr. John R. Martin,
President,
John R. Martin Associates, New York

Q. Dr. Martin, when subordinates fail to understand what their superiors want, who should shoulder most of the blame?

MARTIN: Both share the blame. Real communication problems arise because neither really knows how to handle authority.

Because they don't know how to use—or handle—their authority, many bosses become apologetic about it. Some are overbearing; others, unreceptive. Attitudes like these annoy the people on the receiving end of them. When subordinates are annoyed or irritated by the boss' manner, you can bet they're not listening very well. There's the beginning of a communications problem.

Then, on the other hand, there's the subordinate who is so awed by his superior's position that he can't bring himself to ask for clarification when he fails to understand a point. The fault may be in the way the executive explains his ideas, but he'll never know about it if the man he's talking to won't tell him.

Q. What are the reasons why executives develop these detrimental attitudes—either apologetic, overbearing or unreceptive?

MARTIN: First of all, attitudes like these are most prevalent in an executive who has just been moved up. He unconsciously develops one of these attitudes as a defense for the way he imagines his subordinates are going to treat him.

Say a man has just been promoted to a vice presidency or even the presidency. Well, people react differently to him than they did when he was in a lower-level job. Actually, they're reacting to his title, his new status.

The man notices this. He thinks, "What's the matter with me?" Often top executives become lonely and frustrated because people don't confide in them the way they used to. So the executive gets apologetic, etc. It's only a compensation—a way to combat reactions they're not accustomed to.

Q. If an executive has developed an attitude which damages understanding between him and his associates, how can he overcome it?

MARTIN: Simply by recognizing his authority and using it to get things done, rather than being defensive about it.

Look, an executive is basically a creative guy. To get the free time he needs for developing ideas, he's got to get other people to handle technical problems and other time consuming, routine activities. That's why he's got to communicate and do it well.

To get work done through his subordinates, he has to give them a feeling of belonging, a feeling of being an important part of the organization. He can do this by simply giving them his respect.

Perhaps a sales manager can get results from his salesman by treating them as personal friends. Often a president can't, or won't, do this. But the president can bestow respect, and the effect, when he does, is amazing.

It's human nature. We all want to be respected, especially by someone whose respect means something.

Q. An executive can use his status as a tool, then, to get things done through people?

MARTIN: Yes. But don't forget status can be harmful, as well as helpful to an executive. When a man is pretty high up in a firm, chances are he's not getting critical comments as directly as he feels free to give them. So if his status is blocking his way toward self-improvement through constructive criticism, you've got the beginning of a communications breakdown.

Q. Why?

MARTIN: Because when there is not a near-equal give and take, two-way, between a superior and his subordinates, the relationship gets lopsided. It turns out that the executive is the only one who's really doing any of the talking.

That can mean lost ideas—ideas the subordinate may have but be reluctant to bring up, for one reason or another. It can mean the executive is not getting his ideas across at all. But without free, two-way exchange of information, he'll never find out about it.

END MARTIN ANSWER

(Article continues on page 91)

Have you considered an Airport plant site?

For many firms, there's great competitive advantage to being located near an airport. For example, with jet air freighters coming soon, you'll be able to ship practically anything by air—and economically. But the advantages of an airport plant site go well beyond shipping speed and costs. Here are the facts.

by Charles C. Gaudio,
President
Charles W. Smith Associates, Inc., New York.

Four facts can make it profitable for you to locate your firm near an airport.

Fact one: Prop jet cargo aircraft, coming soon (within 14 months), can make air freight as economical as other transportation methods for practically all firms.

Fact two: Near-airport land costs and space rental rates are generally lower than downtown locations. Also, single story construction and/or other efficient plant layout is easier and less expensive at open airport sites.

Fact three: Manpower studies show that good people are commonly in plentiful supply around most airports.

Fact four: Access to markets and suppliers—plus travel for company officials, salesmen and customers—is quicker and easier if your plant is out of a congested area.

What jets will mean

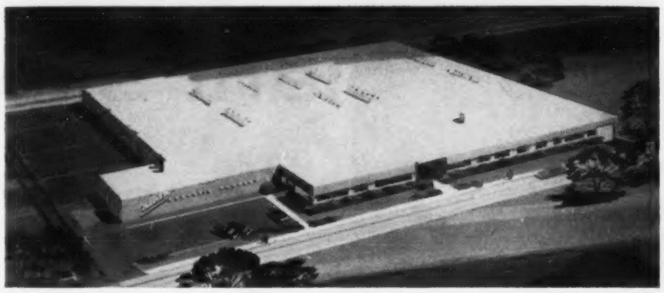
Prop jet cargo aircraft will mean new developments in the air freight industry.

Jet powered fleets, augmented by high performance piston powered planes, will provide more all-freight flights from airports around the world. Advantages: greater reliability and speed in the movement of goods.

Heavier and bulkier products can be sent by air. Increased weight

PLANTS LIKE THESE ARE SPRINGING UP AROUND AIRPORTS ALL OVER THE COUNTRY

RELIABLE ELECTRIC CO.
(CHICAGO'S O'HARE INTERNATIONAL AIRPORT)



FORD MOTOR CO. (LOUISVILLE'S STANDIFORD FIELD)

THE KROGER CO. (ST. LOUIS' LAMBERT AIRPORT)

ECLIPSE-PIONEER DIV., BENDIX AVIATION CORP.
(TETERBORO, N. J., AIRPORT)

capacities and improved configurations of cargo space in jet aircraft will lift the restrictions that have previously kept these items out of air freight.

These developments,. plus the other benefits of an airport plant site, can give the plant near an airport a definite competitive advantage.

It's a time honored fact that the business closest to fast trunkline transportation and the main stream of commerce can get a jump on its competition. There's also the consideration that the closer a plant is to major shipping facilities, the lower the cartage costs.

Which type of firm profits?

Does your type of business determine whether you can profit from being close to an airport? No, says the experience of many companies.

For instance, Rose Marie Reid (swimsuit manufacturers), Virtue Bros. (furniture makers), and International Harvester Co. have recently built plants near Los Angeles Airport.

Ringing Dallas' Love Field are plants of Eastman Kodak, Texas Instruments, and Collins Radio.

However, there is one important question to ask if you are considering building a plant near an airport to take advantage of the freight facilities. Are enough freight carriers now represented at the airport to guarantee a variety of schedules? If not at present, do more freight carriers plan to schedule flights there?

ABOUT THE AUTHOR

Charles C. Gaudio, president of Charles W. Smith Associates, Inc., a transportation management consultant firm, is a veteran of 30 years in transportation management. He joined the Railway Express Agency in 1929 and held various high level positions until he was appointed general manager of the Air Express Division in 1955. He joined Charles W. Smith Associates in Jan., 1959.

If you build a plant near an airport that is served by only one or two carriers, you are restricted by their schedules. There's the chance that by having to wait for a flight, you may lose the valuable time you hoped to save by using air freight.

Aside from fast delivery, there are other ways that air freight can mean savings for your company.

The experience of hundreds of companies shows that shipping by air means lower packing costs. Insurance and handling charges are less than on other carriers. There is minimum breakage and pilferage. The need for inventories and warehousing is greatly reduced.

One company's findings

After considering the advantages of an airport site, a West Coast engineering firm built a plant approximately a mile and a half from a major airport.

Company officials report several advantages.

Not only was the cost of the land considerably cheaper than a tract closer to the city, but in the three years the company has owned the land, it has more than doubled in value. That's because the city is "growing out" to the airport, and industrial sites are becoming scarcer. "We got a piece of property relatively inexpensively," says a company spokesman, "and we also have a valuable, secure investment."

Because there was plenty of space available, the company was able to construct a large parking lot—a definite advantage when a company wants to attract local labor. The attractive surroundings—as compared to a plant in the middle of a city—was another aid in recruiting the best personnel.

Because of its proximity to air freight facilities, the company reports that it is able to fill and send orders on their way within minutes. That has resulted in a sharp reduction in costly inventories at distribution points. Since it no longer has to maintain large quantities of supplies, company officials note a substantial saving in inventory costs.

"We are saving quite a bit of money by being so close to an airport," says one spokesman. "We expect those savings to more than double when jet cargo planes begin operations."

What won't go by air

Despite the increase in the weight and variety of goods that can be shipped by air when jets begin freight operations, there are still several commodities that will not be able to go by air. These commodities include the obvious ones—coal, iron ore, petroleum, lumber, etc.

Air freight experts do say, however, that many manufactured and semi-manufactured goods that are too heavy for present aircraft can easily go by jet. That's because of the greatly increased lift capacities of the new planes.

These men also predict that the introduction of prop jet cargo planes will drop air transportation costs to the level where it will pay to move larger goods by air.

For instance, on Nov. 15, new rates were announced for many commodities that are shipped over the North Atlantic route. In several cases, rates were 40% lower than they had been.

Present advances

While airplane manufacturers are developing new jet cargo aircraft, the air freight carriers are working on new, faster freight handling systems. They are also developing faster terminal operation methods and seeking ways to improve auxiliary trucking services.

To facilitate handling, air carriers recommend that heavy users of air freight study the possibilities of creating packaging and crating specially suited to air movement. It is also wise, they say, to examine present distribution practices to make fuller use of air freight. By these methods, air freight users can multiply such advantages as lower packing costs, inventory reductions, etc.

The time was when a company had "arrived" if it was doing well enough to have its own railroad siding. A future measure might be: how accessible is the plant to air transportation?

Airplane manufacturers say cargo jets will be in operation by early 1961. Since that is the case, now is the time to consider an airport location for your plant. ■

As proof that airport sites are advantageous for many types of industry, these plants now ring St. Louis' Lambert Airport.

McCabe Powers Auto Body Co.
International Harvester Co.
General Motors Corp., United Motors Service Div.
Rexall Drug Co.
General Motors Corp., Electromotive Div.
Hill-Behan Lumber Co.
Mallinckrodt Chemical Works, Uranium Div.
McDonnell Aircraft Corp.
Lloyd A. Fry Roofing Co.
Trumbull Asphalt Co.
The Kroger Co.
Ford Motor Co., Lincoln-Mercury Div.
Wagner Electric Co.
Tubular Steel, Inc.
Wetterau Grocer Co., Inc.
Allis-Chalmers Mfg. Co.
General Foods Corp.
National Tank & Boiler Co.

NEXT MONTH

The facts about air freight

Next month, air freight expert Charles Gaudio will delve into the dollars and cents impact that cargo jets will have on transportation costs. The article tells specifically how and when it pays to use air freight, and when it doesn't pay. It also describes several methods companies can use to slice their air shipping costs.

You need these facts if you sell—or could

Source: U. S. Department of Health, Education and Welfare

WHAT THE PUBLIC SCHOOLS SPEND ON AN ANNUAL BASIS

How to sell to the big, growing school market

Selling to schools is highly profitable—when your sales methods are shaped to the unique characteristics of the school market. Here, in readable detail, are facts from new research on the buying practices and structure of the school market. Study these facts for a picture of a huge market that's growing fast.

be selling—to the burgeoning school market.

What does your company *really* know about the school market? Do you know anything about its dollar volume for your product? Have you tried to calculate what your proper share should be? Has anyone in your firm analyzed your present sales strategy in terms of the potential the market holds?

The material offered in this article is designed to set the stage for obtaining answers to your company's most immediate questions. It will tell you how the market buys, how it should be approached, who controls its purse strings. In addition, a detailed bibliography tells you where to get further information to reinforce your present plans.

Consider these three basic facts:

Fact one: The public schools are currently spending about $15 billion annually. About $11.5 billion of this is *recurring* expense and does not include capital outlay.

Fact two: The public schools invest about $3.5 billion annually in capital outlays and interest. (The magnitude of this item is brought into focus when you realize that *all* of the manufacturing firms in the U. S. spent only $7.8 billion in 1958 on capital investments.)

Fact three: Virtually every cent of the $15 billion that will be spent by the public schools in 1960 *will be spent at the local level.* Virtually every check and every voucher will be signed by a local school official.

What is the school market?

The first hurdle in selling the school market is to define it. It's the point at which most firms falter. For the school market, in spite of its size, isn't a *mass market.* It's a market that *buys in mass.* The distinction is important. The number of prospects to be called on is a readily measurable figure.

There are 44,000 active school districts in the U.S. But fewer than 12,000 of these districts have 300 or more pupils. These 12,000 districts, from a practical standpoint, make up the total *worthwhile* public school market because they contain approximately 94% of all children attending public school. Here's what the breakdown looks like:

Pupil enrollment	*Number of districts*
Over 25,000 pupils	106
12,000 to 25,000 pupils	175
6,000 to 12,000 pupils	547
3,000 to 6,000 pupils	1,175
1,200 to 3,000 pupils	2,854
600 to 1,200 pupils	3,216
300 to 600 pupils	4,010
Total	12,083

Each of these 12,000 districts is headed by a school board, the legally constituted authority for all purchases and policies. In each district, the school board hires a superintendent (sometimes called a supervising principal) who is the chief operating executive under the board.

In approximately 3,000 of these districts (usually the larger ones) there is a professional business manager operating under the board and superintendent. In a few states, like New Jersey and Pennsylvania, the business manager ranks *with* the superintendent.

How the market buys

Each of these three groups has *de facto* authority to buy. In some districts they make purchases only in concert. In others, each operates more or less independently—depending upon the amount of the purchase and the item being bought. There are other variables, too, which will be discussed below.

In 1958, *School Management*, a sister magazine of MANAGEMENT METHODS, conducted a major study to find out "who buys what" for the schools. A total of 729 school board presidents, school superintendents, and school business managers completed a detailed questionnaire designed to discover who takes part in the plans and decisions to purchase 20 different product lines. Specifically, the researchers wanted to know if the relative importance of the three groups could be measured in terms of product to be purchased; and, secondly, to what degree variables like district size and the presence or absence of a business manager, would influence the purchasing procedures for each of these 20 product lines.

Here's what they found:

1. When it comes to the "final decision" to buy, the school board is dominant—perhaps because of its legal responsibility—on almost every product. Even so, the extent of the board's participation in the final decision to buy varies sharply depending on the cost or nature of the product. For example, on an elective capital expenditure like building modernization it is at its peak.

2. When it comes to the "planning phase" before a purchase, the extent to which each group participates again varies by the cost and nature of the product being considered. But an unsuspected "variable" now creeps into the picture. Each of the three groups responding (board president, superintendent, and business manager) places much more importance on his influence than do his fellow officials. For example, 28% of the superintendents said the board member was a factor in selection of classroom furniture. Only 16% of the business managers said the board member was a factor. But when the board members voted themselves, 57% said they were an important factor. Obviously, the board member reserves a lot more right to participate in planning than his associates realize or admit.

3. When a district has a business manager (and only about 3,000 of them do) the other two members of the management team delegate a good many of their duties in the purchasing area. Board members and superintendents said they took less time for purchasing when a business manager was present.

4. Finally, there was a sharp dif-

ference in purchasing procedures depending on the district's size. One more example will point this up: in purchasing classroom furniture, only 19% of the districts with over 6,000 pupils said the board member participated in the planning stage. In districts with fewer than 3,000 pupils, 41% said the board member was an important factor.

What can be learned from this study? Simply this: it is dangerous to assume a consistent pattern of purchasing among school districts in planning your sales strategy. Four variables must be considered:

- The nature and the cost of the product.
- The size of the district.
- The presence or absence of a business manager.
- The inter-personal politics of the participants.

Thus, in any single district, the logical, safe approach is to reach *all* three management influences in order to protect a sale.

Other buying influences

In the same study reported above, the investigators sought to discover the plan-to-buy influence of non-management personnel: the principal, the department head, the teacher, and—where pertinent—the architect.

The results provide a fairly clear picture of the relative buying influence of these middle management people.

As was mentioned above, 729 top managers answered the questionnaire. Here's how they reported in regard to personnel who influenced the purchase of classroom furniture in the planning stage:

Principal	60%
Teachers	37%
Department Head	18%
Architect	5%

When it came to building modernization, a different picture emerged. Here was the response for that type of purchase:

Principal	31%
Teachers	8%
Department Head	34%
Architect	47%

From these results, it is apparent that middle management's influence varies sharply depending upon the product or service involved.

More important, however, the seller to the schools must try to estimate the *reasons why* influence tends to ebb and flow depending upon the product.

First, it is important to remember that these people are essentially *specialists*. They have important influence when their own specialty is involved. Thus, if new classroom furniture for the high school is being considered, the high school principal can be expected – in a democratically administered district —to be consulted. The same would be true if modernization of *his building* were being contemplated. But in those situations where a school not his own is involved his influence is virtually nonexistent.

By the same token, another form of specialization enters the picture. It was discovered by the researchers, for example, that the "department head" was a major influence in purchasing cafeteria supplies. This department head is usually called the "school lunch supervisor." In 87% of the districts, the top managers gave this person's recommendation strong consideration. But it can be assumed that this department head would have no planning influence on the purchase of classroom furniture. It is outside of the realm of his or her specialization.

When the influence of the teacher and architect are considered, similar observations can be drawn from the figures above. A teacher is sometimes consulted (37%) when classroom furniture is involved. He or she has negligible influence (8%) on building modernization. The reverse phenomenon occurs when the architect is introduced.

In equating the potential influence of any of the middle management people, it is important for the seller to recognize that unlike the top managers, these specialists have little or no *residual authority* to buy. They plan sometimes. They have no power to *approve*.

Influence of district size

It was stated earlier that 94% of all children attending public school could be found in the 12,000 districts (out of 44,000) that enrolled more than 300 pupils. Obviously, this provides a dramatic reduction in the number of bases to be covered by a sales force. These districts are the *worthwhile* market.

With this in mind, a marketing man might next ask, "Can't we reduce this further? Maybe our cutoff points should be those districts with 1,200 or more pupils enrolled."

A glance at the chart on page 49 will bring this idea into focus. It is apparent that the number of sales calls *could* be cut by more than half with a loss of only about one-sixth of the pupil population. Why not cut off at 1,200 enrollment?

To test the validity of this idea, *School Management* researchers conducted another major study. This time they set out to discover what proportion of the potential market would be lost if the 7,226 districts with fewer than 1,200 pupils were ignored.

At the outset, it was recognized that even if there were a direct relationship between number of pupils and sales potential, it was dangerous to ignore one-sixth of a $15 billion market. It was decided that some arbitrary yardstick was needed to measure both current expenditures and future potential.

To do this job, *new school construction activity* was selected as the yardstick. *When a new school is approved by the voters of a district, the district immediately becomes a major prospect for just about every product used in education*—structural materials, original equipment, and instructional supplies. Thus, construction activity becomes one of the best criteria for immediate buying potential.

A questionnaire was sent to 6,100 districts with fewer than 1,200 pupils asking them to list the number of schools they had approved for construction, or that were in the planning stage, and their capacities. A total of 3,782 school districts responded. This is what was learned:

1. Smaller school districts (those

with 300 to 1,200 pupils), although they represented only 14.2% of the pupil population, account for slightly more than 20% of the new schoolroom space approved or planned in the U.S. In other words, these smaller districts are building classrooms at a rate 43% greater than the average of *all* districts combined.

2. This disproportionate construction activity is a direct result of the tremendous population growth in suburban areas, and of the rapid trend to centralization and consolidation in both rural and suburban districts.

This same study brought out another unsuspected fact that bears on this decision as to what size district should be your cut-off for defining your worthwhile market. In a two-year period (from 1956 to 1958), 24% of the districts with 300 to 1,200 pupils doubled in size. This explosive growth in smaller districts further reinforces the fact that the small district today is in an "acquisition stage" which forces capital outlays far out of proportion to current expenses.

Facts about small districts

A peculiar twist in the educational organization of small districts in most states makes it economically possible for a seller to the schools to contemplate coverage of the thousands of tiny school districts which dot the rural United States. Here are the facts:

Of the more than 30,000 districts with fewer than 300 pupils, 21,152 are "strictly rural." Most of them are so small that, instead of operating independently, they combine with adjacent districts under the jurisdiction of a county superintendent.

None of these districts, standing alone, offers an economic market for the seller to the schools. But *in combination* they are a buying unit that should not be overlooked.

Consider these facts:

A typical rural county superintendent supervises and administers 17.6 districts, each of which contains 33 different schools. His average annual budget is almost $1 million. Thus, his buying power, taken as a unit, puts him in the budget category of a normal district with over 1,000 pupils. What's more, in certain categories of expenditure, he's a major market. Transportation is a typical example. The average "normal" district spends only $13 per head for transportation. This man spends $22 per head because of the special problems created by the somewhat large geographic area that his numerous districts cover.

There are 1,199 rural county superintendents in the United States and they are the critical buying influence for the supplies needed to educate over four million pupils in over 21,000 districts. In the aggregate, they represent over $2 billion worth of buying power. For the firm that can find an economical means to reach an additional 1,200

SCHOOL DISTRICTS AND PUPIL ENROLLMENT IN U. S. PUBLIC SCHOOLS

DISTRICT SIZE	NUMBER OF DISTRICTS	
Over 25,000	106 districts	
25,000 to 12,000 pupils	175 districts	828 districts 14,858,000 pupils
12,000 to 6,000 pupils	547 districts	
6,000 to 3,000 pupils	1,175 districts	4,029 districts 10,263,000 pupils
3,000 to 1,200 pupils	2,854 districts	
1,200 to 600 pupils	3,216 districts	7,226 districts 4,450,000 pupils
600 to 300 pupils	4,010 districts	
Under 300 pupils	40,830 districts	1,869,000 pupils
TOTALS	**52,913 districts**	**31,440,000 pupils**

U.S. Department of Commerce
1957 Census of Governments
Vol. 1, No. 1

prospects, they're a virgin market.

So much has been written about America's vastly expanding population that market planners have become understandably bewildered as to what action they should take *right now* to prepare for an expanded economy.

But one needs no crystal ball to count the number of children already going to public school. And it's easy to add to that figure the number of children *already born* (ages one to five years) who will start kindergarten between now and and five years from now. These simple computations reveal:

- In 1959—35 million children in public schools.
- In 1965—41 million children in public schools.

In other words, children *already born* assure an increase of over 17% in the present market in five years!

More important, your market potential will actually increase beyond 17% in actual dollars that will be spent. And, again, it isn't necessary to resort to hokus-pokus to "guesstimate" the increase. Today, the average annual educational expenditure-per-pupil, on a national basis, is $310. Even if inflation is stopped, this unit expenditure will increase for two obvious reasons:

1. In 1940, the median number of years of schooling for the U.S. adult population was 8.6. In 1957, the median was 10.6 years. At the current rate of increase, particularly since Sputnik has brought education into focus as a defense policy, it is expected that the 1980 median will be 12.2 years. Thus, if people stay in school longer, the schools' enrollments must increase beyond and above the increase that our birth rate produces.

2. In 1958, the total classroom shortage in the U.S. was over 140,000 rooms. Over 5% of our total enrollment was in excess of capacity (65,000 rooms) while an additional 75,000 rooms were needed to replace substandard facilities.

The new power structure

What has just been described is a "seller's market." But before your company tools up for expanded production, it would be well to consider some of the imponderables that will affect your selling.

Between now and 1965, the American school budget will increase from $15 billion annually to $20 billion annually. But so will your tax bill—and the tax bills of millions of other citizens. Moreover, these vast taxes will be levied, and spent, *at the local school level.*

Incredible as it may seem, virtually every cent will be disbursed, *in public,* by a local school board . . . and only after the expenditures have been approved, by the local electorate, at an annual budget meeting.

No other public institution is so directly and immediately responsive to the voters' control. And no other group of public servants is more constantly under fire than our school boards and school superintendents. In most parts of the country, the public has indicated its willingness to pay for good education—but few communities are giving their officials a blank check. They're watched closely. As an example, the National Citizens Council for Better Schools reports that its membership has risen from only seven official citizens' committees in 1947 to almost 20,000 today!

It is imperative that sellers of goods and services to the schools understand and successfully cope with this new fact of life if they are to sell competitively in the 1960's. The power-pendulum is swinging. Caught in the center is the elected school board. Only yesterday, the typical board member was "appealed to" to run for office. He was the town banker, the leading lawyer, the most successful merchant. Today he may be the same man, but it is in the rare community that he is on the board just because he "made himself available." Today's school board candidate "runs scared." He has a platform—and a constituency that expects him to remember his platform when he's on the board. And his constituency can apply pressure all too easily. In all but the largest cities, the average board member is on a speaking basis with most of the people who voted for him. And he's a captive audience.

To get more facts

Use these sources to check your potential in the school market. Available from U.S. Supt. of Documents, Washington 25, D. C.

- "Governments in the U.S."; Vol. 1, No. 1—$.40
- "Financing Public School Facilities"—$1.50
- "Enrollment, Teachers and School Housing"—$.20
- "Statistics of State School Systems"—$.45
- "Statistics of Local School Systems"—$.35

Available from National Education Assn., 1201 16 St. N.W., Washington, D. C.

- Estimates of School Statistics, '58-'59—R6—$.25
- Status and Trends Vital Statistics, etc.—R13—$.25

Available from *School Management,* 22 W. Putnam Ave., Greenwich, Conn.

- RR 1: An Analysis of the Public School Market—$.30
- RR 3: A Survey of Buying Influence by Product Line—$.35
- RR 4: Who do you have to sell to schools—$.35

How to sell to schools

In the last analysis, selling to schools is not unlike selling a product or service to businessmen. The one variable—public opinion and pressure—is the main exception. If your firm has evolved effective methods for evaluating its sales effort to business, the same techniques can be applied to schools.

Most of the facts and figures you need to do this job are in the public domain. You may not be able to find precise sales figures for your particular industry, but you will be able to uncover—using the sources listed in column two—the data you need to make educated estimates.

The key points to remember are these:

1. Every school district is an autonomous government with the power to levy taxes, and spend funds, at its own discretion.

2. Every school district is headed by a school board—its legally constituted authority—and by an appointed superintendent who acts as its chief executive officer.

3. Out of the 44,000 active school districts in the U.S., only 12,000 contain more than 94% of the children enrolled. This is your *worthwhile* market in terms of economic coverage and sales potential. ■

Reprints of this article are available. See page 96.

How to ask for an order and get it!

There's an art to making the prospect say, "Okay." It's an art that even some of the best salesmen have never quite mastered. Here are some proven methods that any sales force can adapt to convert prospects into customers.

by Ted Pollock

For some strange reason, many otherwise good salesmen suddenly flounder at the point of payoff: asking for what the prospect knows perfectly well they are there to get—the order.

Such salesmen can present a flawless case for their products or services, and calmly overcome the toughest of objections, but when the right time comes to ask for the business, they behave like shorn Goliaths.

Yet, by common consent, asking for the order is the logical windup of everything that has gone before, from locating the prospect to giving the demonstration. In a business sense, it is the salesman's sole justification for existing. Until he actually rings up a sale, he has not begun to earn his keep. And since few prospects volunteer their orders the salesman seldom rings up a sale without asking for it.

But it is one thing to ask for the order, quite another to ask in a way that gets it.

Of the many tactics used to make effectual requests for the order, these are the runaway favorites:

The assumptive technique

■ The principle behind the assumptive technique is a sound one: people are subject to a psychological "law of inertia." At rest, they tend to stay at rest.

Translated into selling terms, this means that it is easier to get tacit approval of your proposition from a prospect than a verbalized "yes."

Nor does this "tacit approval" need be so obvious as an affirmative nod of the head. Frequently, it is simply the *absence* of a clear-cut "no."

In practice, it works this way: the salesman does or says something that the prospect must undo or deny. If he fails to act, the salesman *assumes his approval* and takes the next step toward getting his signature on the order.

For example, suppose you sell automobiles. A prospect has shown interest in your line but makes no move to buy. You have asked

"If the customer fails to object, then the salesman assumes the customer's approval, and goes on to the next step."

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"Having made a series of minor decisions, the prospect finds he has made the big one."

enough questions to determine his needs and decide to ask for the order by the assumptive technique.

So you say, "With those lively youngsters of yours, you'll undoubtedly want the two-door model—no handles to play around with in the back seat."

If he doesn't contradict you, you assume his agreement with your suggestion—and continue.

"For your wife's convenience, I imagine automatic transmission is the ticket."

If he still remains silent, you work your way through several such specifics. As his tacit approval builds up, you take the next big step—entering the specifics on your order blank. Unless he cries, "Whoa!" you've asked for the order and obtained his consent. This is because you have done something that the prospect must stop you from doing. You have put the "law of inertia" to work for you.

Or, you represent a packaging firm. In your prospect's office, you have—via the assumptive technique—narrowed down the package you hope to sell him. You have discussed materials, size, design, color, quantity. You are ready for the big plunge, asking for the order.

"I'm almost positive we can get this into production by the fifteenth," you begin. "But to make sure, I'd like to check with our chief engineer. May I use your telephone?"

If the prospect doesn't object to your making the call, you're in.

The important thing to remember about "inertia selling" is this: people, like electricity, take the course of least resistance. Do something that they must stop you from doing and the odds are—they won't.

If they *really* aren't ready to buy, they'll let you know soon enough. But if they are merely hesitant or a little unsure of themselves, you can do them—and yourself—a king-size favor by harnessing the "law of inertia."

The "happy dilemma" technique

■ First cousin to the assumptive technique, the "happy dilemma" technique also takes for granted that the prospect is going to buy. But instead of depending on his *silent* approval, the "happy dilemma" technique actively encourages his vocal participation.

The salesman simply provides the prospect with a choice of two alternatives, either one of which commits him to buy.

"Shall we address the books to you—or your child?" asks the encyclopedia salesman.

"Would you prefer the 12-month plan—or the 18-month one?" asks the representative of a swimming pool manufacturer.

"Will you want the deed registered in your wife's name—or jointly?" asks the real estate agent.

"Would you want them shipped here—or to your Portland plant?" asks the lift-truck salesman.

No matter which alternative the prospect chooses, each expression of preference moves him perceptibly closer to the ultimate goal—a purchase. Having made a series of *minor* decisions, his confidence in himself mounts until he realizes that—in effect—he has made the *major* decision—to buy.

It only remains to transfer his choices to your order form.

The pre-written order

■ Also related to the assumptive technique, this highly imaginative, immensely effective *pre-written order approach* asks for the order in a bold—yet subtle—way.

The salesman comes to the prospect armed with nothing less than an order form that is already filled out. He must, of course, be prepared to explain how he determined the size and make-up of the order, but if his reasoning is sound and he avoids any appearance of high handedness, he stands an excellent chance of landing the order in record time.

Salesmen for W. A. Taylor and Co., wine importers, for example, often call on their customers with a pre-written order which they introduce in this way: "Ed, I've made a careful study of your purchases over the past 12 months and taken into consideration the increased demand for our line that you can expect from our winter promotion campaign. Here's a line-up that I think will meet your requirements. How does it look to you?"

"The salesman should always invite his customers to pass judgment on a pre-written order," advises manager of institutional sales Edward De Grandmont. "Otherwise, he risks giving the impression of trying to bulldoze his way to a sale. No customer is going to stand for that.

"But if you keep a pre-written order realistic and offer the customer an opportunity to amend it, you accomplish two things. You gain his confidence in any future suggestions you may make and you give him the feeling that he has collaborated on the order. He accepts it as *his* decision, *his* order.

"Even if he does make some changes in the items and quantities listed, you walk out with what you

initially came for—the order."

Sometimes, the salesman can convince his prospect to accept the pre-written order on the basis of simple mathematics.

Thus, a promotion goods salesman has been notably successful in placing his merchandise in supermarkets throughout the country with this approach: "We've analyzed stores of comparable sales volume, Mr. Jones, and, based on their experiences, we know that for every $1,000 worth of business done, you can reasonably expect to sell $80 worth of our merchandise. I have the figures for your store right here and a suitably adjusted order awaiting your okay."

"Since most buyers lack experience with my line and haven't the slightest idea of how much to order at first," the salesman reports, "they appreciate my calculations and frequently take my advice."

Properly handled, the pre-written order provides the salesman with a unique opportunity to be of service to his customers and prospects. It can help the indecisive man to make up his mind, increase his profits, save time all around.

But the salesman who chooses to use the pre-written order as an order-asking device must be prepared to assume the responsibilities that go along with it. He must:

- Know what his customer needs.
- Be prepared to defend his recommendation.
- Be willing to shoulder the blame, should those recommendations backfire.

"The deadline is—now!"

■ If you give a man a reason for buying immediately that is compelling, plausible and believable, he will give you the order.

That is the working hypothesis behind the "deadline-is-now" technique. By creating a sense of urgency, a climate of "now-or-never," you dispose of the many minor—often picayune—considerations that plague the wavering prospect and confront him instead with bedrock basic alternatives—either he buys now or forfeits the opportunity to buy—for a time, at least.

Because this approach must have a solid basis in fact and because its unskillful use can smack of high pressure selling, it should be used with extreme caution. Used honestly and with discretion, however, it can be a most effective order-getter.

Some examples of the deadline-is-now technique:

"We only have five in stock. How many would you want?"

"Before I offer this exclusive to any other dealer in town, I'd like to give you first crack at it."

"We seldom get a used car in such top-notch condition. It won't be hard to sell that baby."

"This offer is good only for three more days. Don't you think it would be an advantage to order now?"

Leonard Denbin, sales representative for Henry Glass and Co., fabrics manufacturer, sums up the technique: "No one likes to lose money—or an opportunity. The trick in using this method successfully is to establish beyond a shadow of a doubt that the prospect will be doing just that if he doesn't act at once.

"But the salesman must be 100% on the level. You can fool a customer just once. If you can't offer a *legitimate* reason for immediate action, don't offer any at all. There are other ways to ask for orders."

Ask for it

■ There are occasions when it doesn't pay to be too ingenious in requesting the order. Time may be limited. The prospect may not nibble at your subtler bait. For one reason or another, the situation may call for direct action.

Under those circumstances, many salesmen have found the best way to ask for the order is to—*ask for the order*.

"All I need is your okay on this form" has probably gotten more orders signed than any other technique in—or out—of the book. It offers two outstanding advantages. It can flow smoothly from a presentation. It is an unequivocal request for action by the prospect, not subject to misinterpretation.

Arthur E. Nack, sales manager of the Eastern Division of Universal Match Corp., has discovered a minor variation of this technique that has proven most resultful.

"After a brief summary of the benefits of my proposition," he explains, "I'll say, 'Mr. Miller, we've done a lot of talking. You've indicated interest. *Now I'm asking you for my order.*'

"That simple phrase, 'my order,' seems to get under a prospect's skin. The reason, I think, is that I manage to generate a certain empathy between us during my presentation. Consequently, the prospect finds himself in a position where he must be actively opposed to what I'm selling in order to say no. Perhaps, too, 'my order' suggests my strong belief that I *deserve* it."

"One thing I know. The straightforward request for an order, made immediately after a recapitulation of benefits, can mean a 10% increase in sales—or better.

"It doesn't take a mathematician to see how that can mean thousands of extra dollars to the salesman."

Which is just about the most persuasive argument you'll ever hear for a selling technique. ■

THE OTHER SIDE OF INERTIA

If people who are at rest tend to stay at rest, it is equally true that people who are moved tend to stay in motion.

For the salesman, this means an additional technique for getting a prospect to commit himself. Instead of relying on his *lack* of action to take him a step closer to signing on the dotted line, your salesmen might try getting him to do something that may be interpreted as approval of your proposition. For example:

- "Would you be good enough to ask your secretary to come in and try this machine herself?"
- "If you'll get me those figures, I can give you an estimate."
- "Could you find out where the installation would be made?"

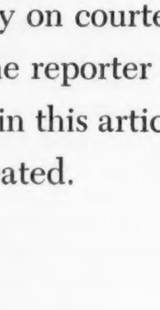
If the prospect does what he's asked, your salesman can uncap his pen. It won't be long.

What to do when a reporter calls

Press people can do your company infinite good—or considerable damage. The quality of your press relations depends largely on courteous, considerate, honest treatment of the reporter or editor who contacts you. The 10 guides in this article show how a reporter wants to be treated.

by Odom Fanning, *Manager, Information Services, Midwest Research Institute Kansas City, Mo.*

ABOUT THE AUTHOR



Odom Fanning has had 18 years in communications. After working as a newspaper reporter and a Marine Corps combat correspondent in WW II, he joined the Atlanta Journal *as science writer. For the past 10 years he has been in public relations for the U.S. Public Health Service, Georgia Tech, and, now, the Midwest Research Institute.*

What do you do when a reporter calls?

Suppose your next phone call were from a news reporter or trade editor. He wants some information about your organization.

Suppose further that you didn't expect the call and haven't given much thought to the questions the man is asking; you have had limited or no experience in dealing with the press; you believe the timing is bad for the release of any information just now; and you're desperately short of time, and can't be bothered with an interview today.

What do *you* do?

Many executives are "wrong-reactors." Others are instinctively "right-reactors." Yet any executive can sharpen his public relations perception just by recognizing the characteristics of wrong versus right when dealing with the press.

The wrong-reactor, when called by a news reporter, may make any or all of these mistakes:

- He will tell the secretary to get rid of the intruder.
- He will instruct her that he wants to be held aloof and unapproachable in the future.
- He will, if talking to the reporter, tell him what he can or cannot print.
- He will lecture a specific newsman on the general "sins" of the news media.
- He will reveal something "hot" and then tell the reporter that it's off-the-record.
- He will ask to "censor" a simple story before it's published.
- He will expect a reporter to be satisfied with, and not pry beyond, a news release.
- He will show favorites between competing media by, say, releasing an item to the city's biggest newspaper without telling the radio and television stations.

The cost of reacting wrong just once or twice may be the establishment of a bad reputation among newsmen. Then when you want the cooperation and assistance of the press, you might not get it.

Here are 10 simple rules for reacting right when a reporter calls.

1. Practice communications.

Study any individual who is well adjusted to the conflicting social demands made on all of us, and you'll

invariably find that he *practices communications.* This is largely a matter of attitude, of recognizing the obligation for speaking up on matters within your purview. Most trade and professional associations today enlist the aid of their members nationally in their PR programs, and they often provide manuals and courses to improve PR proficiency. As a leading businessman, you must practice communications.

William James stated an obvious law of psychology: any object not interesting in itself may be made so through association with an object which is inherently interesting. People are interested, first, in people; second, in things; and last, in ideas. When the press calls, the hidden objective often is to get you to personify an idea (either yours or the reporter's) or a thing (a new factory, for example). It pays to practice communications.

2. Have a policy on communications and see that all employees understand it.

When a PR consultant is hired, the first thing he insists upon is the establishment of a PR policy, which should be as liberal as possible. If you don't have access to a director of public relations or to a PR consultant, you can still have a successful personal and corporate PR policy. The basis of it could be these 10 guides you're now reading.

3. Be prepared on the obvious possibilities.

A steelmill manager can expect to be called the day a steel strike begins. A pharmaceutical house whose new drug has just been approved by the F.&D.A. can be assured that the media will ask for details. Likewise, the winner (or the loser) of an F.C.C. license is a newsmaker. Anticipate the logical questions, and think about the answers in advance. Have facts and statistics handy. If the subject is complex, as so many subjects are these days, have some experts available. A reporter is glad to speak, by telephone or in person, to two or more persons if thereby he gets more complete information.

4. If it's a simple question, and you know the answer, give it.

Often a reporter makes dozens of calls in the course of a survey. He wants a composite of opinions or facts, not an interview with one or two individuals. Under these circumstances, the bane of the reporter's existence is the man who's unnecessarily evasive, arrogant, or conceited. The best way to get a good press when the big story breaks is to become known as a helpful source on the simple matters. Speak off the record when you must, on the record whenever you can.

5. Always tell the truth.

It is a serious mistake to misrepresent the facts, especially if the truth is distasteful. The newsman has access to other sources of information, and sooner or later he will find out the truth. Then he'll either publish it, to your discredit, or blacklist you for future reference. Either way, it's bad public relations for you and your company. Even if it's a small matter, never deliberately hand a reporter a dirty deal. If he discovers it, you can bet he'll resent and remember it.

6. Be courteous and patient.

It's bad manners to berate a reporter with, "I wish you guys would get your facts straight," or, "I'm always being misquoted by reporters." Your experiences may have been uniformly bad, but that may mean that you have invariably mishandled the situations. You have no more right to damn all reporters than the press would have to damn your entire industry. Good PR starts with courtesy at all times.

Patience is called for, too, in these days of complex subject matter. If the reporter's knowledge of your field is meager, you may find it difficult to explain matters in terms simple enough to understand. Go back to the first rule above—*practice communications.* Support your trade association when it wants to prepare publications and fact sheets, or hire your own PR man to do so. You can meet this challenge with courtesy, patience, practice, and preparation.

7. Respect an exclusive story.

Many reporters are resourceful. They may have much of the story before calling you. If the reporter, by his questioning, indicates that he has much of a story you hadn't planned to release, don't call in other reporters and give them the story first or at the same time. It's best, if possible to let the man who secured the story first, publish it first. You may, as a result, have to contend with complaints from those who have been scooped. Then the problem is to convince them that you did not deliberately give the story to the competitor—rather, that you respect every man's enterprise, and the solution for the scooped is to sharpen his alertness and be the scooper next time.

A more delicate problem is presented when a reporter calls while an announcement is being readied. The best procedure under these circumstances is to explain the plan and ask his cooperation in publishing the news simultaneously. Most of the time you can work out a solution, but unless you are a skilled amateur PR man, it's wise in such a matter to rely on a professional.

8. Go out of your way to cooperate.

If you don't have the facts he wants, offer to get them and call back. If you aren't the proper person he should interview, suggest the proper sources and offer help in getting in touch with them. If the reporter wants to visit your plant, see the operations, meet visiting dignitaries, take pictures, interview employees, etc., go out of your way to make the arrangements. Never say —though it may be the truth—"Well, that would be too much trouble." Delegate these responsibilities to a subordinate, if you prefer, but follow up to see that he carried out his duties in line with your wishes.

9. Request, in turn, the newsman's cooperation.

If you have consistently observed all eight of the foregoing rules, then you're in a good position, when the need arises, to request special cooperation from the newsman. For example, there are times when you know the facts of a situation but aren't involved. Yet it may be to your personal and corporate advantage to explain the background to a representative of the press, to suggest whom he might interview, and what pitfalls or obstacles he can anticipate. You will learn that 99% of all newsmen can be trusted with off-the-record information. Tip them off on stories you know about. Give

them the inside you alone are informed on.

10. Finally, if you have a director of public relations, rely on him for help in all communications.

Even in the small company, the DPR sometimes is frustrated because the president "forgets" to tell him that the local paper called. Even though he's theoretically responsible for PR, the director may not learn of the interview until he reads the story. The president should never be interviewed, accept a speech engagement, write an article, agree to a plant tour, or take any other PR step without first (or quickly thereafter) notifying the DPR. Choose the most able professional DPR you can afford, delegate the proper responsibilities to him, and never second-guess him.

The DPR can be especially helpful when a reporter or editor calls. More often than not, you will not know the newsman personally. If you have warning before a telephone conversation, or if a face-to-face interview is to follow, plan it carefully with the DPR. Find out from the DPR something about the reporter, such as:

- Is he competent in the field you'll be discussing?
- Can you, therefore, explain technical details with some assurance that he'll understand them?
- Are there written or published materials which will help you explain the subject?
- Can he be trusted with off-the-record background information?
- Is his editor liable to jazz up his copy with the reporter's knowledge?
- Is this the type story on which you can fairly ask the reporter to call back and check for accuracy?

Ask your staff representative, the DPR—not the reporter—those questions. Inform him of any special problems which lend the story particular hazards for misinterpretation. Get his advice on discussing openly with the reporters your concern for accuracy. Ask the DPR to sit in on the interview, and always conduct it in your office—not the DPR's.

Those 10 guides for reacting right when a reporter calls are really simple. The reward for learning, understanding, and observing them can be good personal and corporate public relations. ■

HOW TO SPARK SALES • WITH DIRECT MAIL •

You can measurably improve your profits through direct mail advertising. These simple suggestions can help you boost your direct mail selling power and help you skirt the pitfalls that waste your profits.

Regardless of what you sell, or to whom you sell, it's almost certain that you can boost your sales dramatically with low cost direct mail advertising.

But you can also spend a lot of money on direct mail and never make it sell.

What actions can you take to make your mailing pieces produce sales and sales leads?

Consider these suggestions:

- Create a list of only reasonable prospects, and keep it current.
- Keep what you mail simple.
- Mail when the time is ripe.

Obvious suggestions? Certainly. Overlooked? Often.

ABOUT THIS ARTICLE

This article is taken from a booklet published by Pitney-Bowes, Inc., "How to Use Direct Mail to Promote Your Business." Contained in the booklet is a list of associations, publications and agencies that give specific advice to anyone interested in starting a direct mail campaign. For a free copy of this booklet, circle number 205 on the Reader Service Card.

To see how well these humble tips have worked, consider these examples.

To add to what was a steady list of customers, a car leasing firm in one eastern city sent out letters describing the advantages of leasing cars when traveling. The letters went to presidents, sales managers and salesmen of firms that depended on personal contacts for most of their sales. During the following two months, the car leasing company's business increased 10%.

To keep off-season sales up, an air conditioner manufacturer created a "packaged" mail campaign.

Beginning in August, each dealer got printed letters and folders upon which he could have his own name imprinted. About Sept. 1, dealers using the "package" mailed folders announcing a sale to families who could afford to buy an air conditioner.

The folders were followed two weeks later with a letter and pamphlets describing the different types of air conditioners available, plus several advantages of buying an air conditioner in the off-season.

Result? Sales through the end of October remained as steady as they had been in July.

When to use direct mail

Direct mail gets the best results when it is used to achieve a definite, planned objective.

Here's why: the experts say that without a specific objective, it's nearly impossible to map out a direct mail campaign that does any good at all.

You can use direct mail to spark drooping off-season sales by listing bargain prices or low installment terms. It can be used to introduce new products or services or to inform customers of facilities you may have added. These are a few of the reasons why many firms use direct mail; there are lots more.

Based on the experience of suc-

cessful users of direct mail, here are the methods that make direct mail pay off in increased sales.

Develop a mailing list

Consider this fact: the most carefully prepared sales story in the world sells nothing if it's told to the wrong people.

That's why your mailing list should contain only the names of persons who are reasonable prospects for what you have to offer.

An obvious statement, perhaps, but many companies think that the bigger the list, the better the returns. The fact is that a relatively small list sometimes does a better job. One reason: it permits more frequent contacts.

How big must a list be to increase sales measurably?

The size of your list depends mostly on the size of your market. An automotive parts distributor might logically send mailing pieces to every car owner in his area. A brass fittings manufacturer, on the other hand, would be likely to limit his mailing to industrial purchasing agents. If either distributor sent mailings indiscriminately to every man or woman over 21 in a given area, there would be a lot of wasted postage and wasted effort.

To prepare a list, or add to a present list, is fairly simple, particularly by occupation, residence, income or similar classifications.

The first thing to do is to isolate the type or kind of people you have to sell to. For instance, if a firm wanted to boost the sales of grass seed, chances are it wouldn't include apartment dwellers on its mailing list.

Where to find names

Once you know to whom you want to sell, you have to find the specific names and addresses. There are many sources of names. Among them are the following:

Telephone company: Local telephone companies often provide a frequently revised telephone directory with phone customers arranged by street and district. It can be rented for a limited time at small cost.

Membership lists: Associations, societies and clubs are frequently happy to supply current lists of members.

Credit rating books: Poors, Dun & Bradstreet and other widely used reference sources are valuable when you want to build a worthwhile list of names by income.

Directories: City directories are useful in selecting prospects by occupation, home-ownership or size of family. Trade and professional directories provide worthwhile prospects, including top executives in local companies.

ARE YOU REACHING

REASONABLE PROSPECTS...

Public records: Extremely accurate sources for names, these records may be examined without cost. They include tax lists, license and permit records, property valuation and street lists.

Local newspapers: Here you can find news of births, promotions, transfers and business activity. These announcements can help you keep your list up to date.

List brokers: If you want to get started right away on some promotional activity, you can rent lists from list brokers, mostly on a one-time basis.

Inactive customers: They bought from you before. They may do so again if you keep reminding them you're still in business.

Keep your list current

Once you have a mailing list, keep it up to date.

A recent report states that over 56% of business executives change jobs or titles annually. And remember: homeowners change addresses . . . girls change names . . . aging people retire and die. All this activity means that a list can't just be compiled and forgotten.

Should your list be small and rather specialized, your company can probably keep it up to date without help. But if it's fairly large, your local postmaster can tell you about several low cost ways through which the post office can help you prune the deadwood from your list.

Decide what to mail

Basically, there are three kinds of printed surfaces to consider in direct mail: the letter, the envelope, and the printed folder.

The letter: Experts agree that the letter is the most effective single type of direct mail piece.

That's because letters have personal appeal, are simple and can be produced at relatively low cost.

Because letters are generally simple and "undramatic" in appearance, many people tend to underestimate their value. Experience shows, however, that because it *is* simple and natural, a letter is easily read and has surprising pulling power.

Letters that bring the biggest response first tell the reader how he can gain in some way. Then they back up this promise with simply stated reasons why he will benefit.

Consequently, before you write a line of your sales letter, get a firm picture of the person you will be reaching. Then decide what approach will sell him best. For instance, no one would use the same approach to sell costume jewelry and industrial machinery by mail.

Sales letters can be dramatic, dignified, humorous, conversational, even corny. There are times when an unusual letter will do well, if only because it's a refreshing change

of pace. But all things considered, the straightforward, common sense approach is best. Ordinary mailings, research shows, often do as well or better than extraordinary ones.

The envelope: Since first impressions are important, don't overlook your envelope.

Many firms use the envelope as a "selling surface," supplementary to the letter inside. A firm name on the envelope introduces the letter to the reader right away. An eye-catching sketch or brief message on the envelope can create added interest. Novelty envelopes with transparent windows – through which the letterhead or a picture can be seen—are available.

With the exception of some top level executives, nearly everyone you mail to will see your envelope as well as what's inside. Make sure the envelope measures up in appearance to the rest of the mailing.

Printed pieces: Printed folders can be a valuable supplement to the letters you mail.

Many times a letter can't stand alone. Perhaps a new product or new proposition must be illustrated for maximum effect. It could be that more explanation than should logically be contained in a letter is needed. In these cases, a printed folder is ideal.

Experience indicates, over and over, that a printed piece plus a letter is more effective than a printed piece alone. That's because the printed piece is relatively impersonal advertising, while one of the basic rules of direct mail is: appeal to the reader personally.

There are times, however, when printed folders or cards mailed alone are best. That's when they are used as "reminder" advertising, to call attention to your product or service. Carefully prepared, these self-mailers can have a tremendous impact. But companies that use self-mailers warn against expecting a pile of direct returns. For direct returns, they say, letters are best.

Spark dealer sales campaigns

Many manufacturers prepare printed folders and/or letters expressly for their dealers and distributors. This material ranges from complete "packaged" campaigns—which are mailed out under the specific dealer's letterhead—to little envelope stuffers that hitchhike along with monthly statements.

Such dealer-supplied direct mail can be extremely effective. Consider these examples.

■ An electronics distributor says he got $4,000 in new business, plus considerable advertising impact, as a direct result of a manufacturer supplied direct mail campaign.

AND IS YOUR LIST

UP TO DATE?

■ In another cooperative campaign, maintenance contractors reported from $480 to $3,600 in immediate additional sales. That, plus the pure advertising value of several persuasive mailings going out under their company names.

■ A supplier says that a company supplied series of direct mailers brought increased sales immediately, plus six new accounts.

■ A chain of clothing stores sends out manufacturer prepared envelope stuffers announcing new styles every three or four months. The owner of the chain notes a definite upsurge in business beginning almost immediately after the mailing and continuing as long as three weeks.

Design mailers for longevity

To get the longest possible life from printed pieces, it's wise to consider these points.

Of the costs involved in getting printed material ready and into the mail, typesetting, engraving and other printing operations usually account for half or more.

So, to save the costs of setting new type and making new engravings, design the folder with an eye toward future use. Many firms have used a basic folder for years with only minor changes.

Printing in different colors gives a fresh look to an oft-used mailer. New arrangements of the illustrations and type on the cover can also update a printed piece.

Layouts of the inside pages should be kept simple so that any illustration can be replaced with another, if necessity demands. Whenever possible, a printed piece designed for long life should contain no pictures—such as extreme fashions or late model cars—that could date it too quickly.

In cases where prices and specifications are subject to frequent change, you can avoid costly revisions by printing this information on a separate sheet. It can be tucked into the printed piece when the mailing goes out.

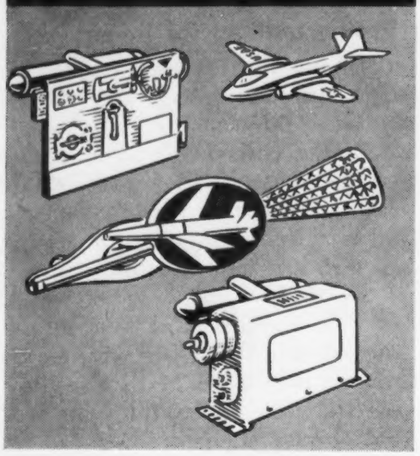
Where to get help

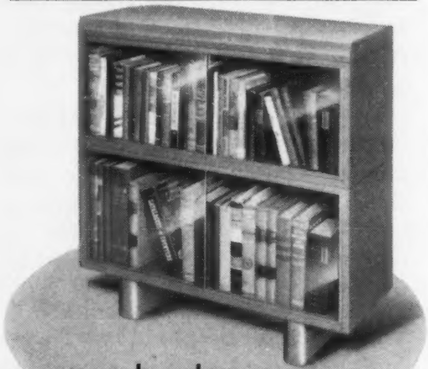
One key to producing an effective direct mail campaign is competent professional help.

If your company is not in a position to maintain its own direct mail staff—and most aren't—you can get outside assistance, usually available at moderate cost. In large cities, there's likely to be at least one organization specializing in direct mail that can help you.

Some advertising agencies are equipped to handle direct mail internally. Many others that are not so equipped will work with outside specialists in serving their client's direct mail needs.

Often printers and lettershops can help you with your direct mail





MAKE PEOPLE READ WHAT YOU SEND THEM

These tested rules can capture high readership for your direct mail pieces. Firms that follow these tips report sales increases directly attributable to their direct mail campaigns.

LETTERS improve when you apply these rules:

1. Promise the reader a benefit in the opening paragraph. Free booklet, time or money savings, etc.
2. Ask a question that gets the reader to agree with you.
3. Get "news" into the headline.
4. Keep opening paragraph short. Mix up long and short paragraphs.
5. Address the reader as an individual. Don't write a headline, "to all our good customers," when the letter presumably will be seen by only one.
6. Come to the point quickly. Beginning with an irrelevant anecdote is a sure sign you don't know how to get started.
7. Tell the reader something new. Telling him obvious things about his own areas of interest only annoys him.
8. Make your letter personal, low-pressure, friendly, sincere, informal.
9. Write your first paragraph. Then ask, "Is that what I'd say right after the handshake if I were calling in person?"

PRINTED PIECES capture attention when you:

1. Use interesting, easy to read testimonials.
2. Have eye-catching illustrations.
3. Get a fresh, "off-beat" approach in either copy, layout, or type.
4. Design dramatic layouts. Consider unusual camera effects in photographic illustrations.
5. Catch attention with unusual folds or die-cuts.
6. Pack your mailing with helpful facts. When mailing technical or semi-technical information, avoid tricks or frills.
7. Include a letter with the booklet or folder. Make it sell the printed material. Explain why you sent it in the first place.

campaign. In addition to experience, suggestions and advice, many printers can supply you with professionally prepared copy and/or artwork. Most good printshops are equipped to reproduce your letters by any number of duplicating processes. The processes range from stenciling to one so highly personalized that it would be hard to distinguish from an originally typed letter. The degree of personalization depends, of course, on how much you want to spend.

Another source of copy and artwork is free-lance illustrators and copywriters. Many firms act as their own "contractors"; they job out work to free-lancers, deal directly with the printers and handle their own mailing operations.

Some companies have their mailings handled by an outside lettershop. But worth examination are several low cost machines—including models designed for even the smallest office—that address, fold, collate, insert, seal and apply postage.

Poor direct mail that results from careless thinking usually looks shoddy and cheap, and is often in poor taste. That kind of direct mail is worse than no mail at all. But take the actions outlined in this article, and chances are you'll reap real profits from direct mail advertising. ■

What to do before the year e

Act now and you may make substantial savings in your 1959 and 1960 taxes—corporate or personal. Here are many proper tax saving methods, drawn from reports of the Tax Research Institute, a private organization that advises more than 30,000 businesses. Skim this article for the sections that apply to your present tax problems.

by Leon Gold, *Directing Editor*
Tax Research Institute (Subsidiary of Research Institute of America)

When tax return time rolls around next March and April, all you can do is report what you did in 1959. The time to do something about reducing your '59 tax is now—before January 1, 1960.

There are definite steps you can take—both for your business and as an individual—before January 1 to keep your 1959 and 1960 taxes as low as possible. Actions include proper handling of income and expenses, compensation of owners and executives, corporate distributions and dividends, gifts to family members and many, many other proper tax reducing measures.

The following recommendations and pointers are among those made to the more than 30,000 business organizations which are members of the Research Institute. Any or all of them can prove valuable to you in these last weeks of 1959.

All evidence at present tends to indicate that 1960 tax rates will be the same as 1959 rates. This means that most individual taxpayers come out best taxwise when they *equalize income and expenses over the two year period of 1959-1960.*

This, however, is a broad generalization. Special factors may call for a different goal. For example, personal circumstances or the general economic outlook may mean that 1960 will bring higher income than 1959 for some individuals. Where this is the prospect, it will generally be worth while to *shift income into this year and defer expenses forward into 1960.*

How to defer income

Suppose you've decided that you will come out better taxwise if you shift income from this year to next. You must now act along the lines explained in the following paragraphs. If your situation, on the other hand, makes it advisable to pull income back into 1959, simply do the opposite of what is suggested below.

If you keep accounts on the accrual basis

The mere fact that the receipt of cash is delayed will not defer your taxable income, if your accounts are on an accrual basis. As soon as the *right* arises, your income is realized.

Because of this, the only way you can really postpone income (other than income from the sale of real property, or income reported on the installment method) is to defer the actual right to pay for the services or merchandise you've delivered. This is usually more difficult than it is for cash basis taxpayers *(see p. 63)*. However, one way is to postpone completion of a job until 1960 even though most of the actual work is done this year. Also, hold up deliveries where that will *defer the passage of title.*

Another and easier way for accrual basis taxpayers to cut taxable income in 1959 or raise it in 1960 is to accelerate *expenses.*

How to accelerate expenses

If your situation makes it advisable to boost '59 income, simply move in the opposite direction of the steps suggested here.

If you report on an accrual basis, you have two ways to add to 1959 expenses:

1. Make sure that all possible deductible liabilities are established. Thus if there are allowances to be made, or customer's merchandise to be returned, deductions can be taken in 1959 if the credits go out before the end of the year. Similarly, if you have had legal work performed, regardless of whether the matter is still pending, have your attorney submit his bill before the end of the year.

2. You may be able to incur some expenses now which would normally not be made until 1960. For instance, office supplies, catalogs, etc., may be deductible this year if purchased now rather than in 1960.

ends to save on taxes

The Tax Court says that an accrual basis taxpayer can deduct expenses in the year of payment if that precedes the year of accrual. Thus, an accrual basis taxpayer can take an immediate deduction for prepaid expenses just as the cash-basis taxpayer can do.

Cash-basis taxpayers

If you keep your personal or business accounts on a cash basis, you can postpone income to next year as long as it isn't realized in cash this year.

On services, this means you will not be taxed on any income until the debtor pays. If you hold off billing him until next year—or until so late in this year that no payment is likely in 1959—you will not have taxable income this year. Even if the debtor gives you a note or other obligations showing that he owes you the sum, that will not make the income taxable if you take the obligation as evidence of the debt, and not in *payment* of it.

On sales, there are two ways to postpone taxable income:

1. Don't take notes, mortgages, etc. The courts hold (although the Treasury hasn't generally agreed) that as a cash-basis taxpayer, you do not realize taxable income when you receive a promise to pay contained in a contract of sale. This holds true *unless* there are "notes, mortgages, or other evidences of indebtedness such as commonly change hands in commerce." It makes no difference that the buyer's credit is excellent and that the contract is worth its face value. Therefore, if what the buyer owes you is evidenced by nothing more than a written obligation (other than notes, mortgages, etc.) you are *not* considered to have received anything for the property. No income is taxable until *actual payments* received exceed the cost or other basis of the property. (This also applies to accrual-basis taxpayers on the sale of any real property.)

Note that this applies not only to capital assets, but to assets whose sale gives rise to ordinary income.

For instance, you have real property which costs $60,000. You sell it for $100,000 payable $10,000 a year. The sole evidence of the sale is the sales contract. As long as you do not take mortgages, notes, etc., you would report no taxable income for the first six years, and income of $10,000 a year for the last four years.

2. If security such as notes, mortgages, etc., is advisable, keep initial payments at 30% or under. This will permit you to use the installment method of reporting income. If the initial payments you receive in the year of sale are 30% or less of the sales price, you can elect the installment method either on the sale of real property, or on the casual sale of personal property amounting to more than $1,000. (A dealer in personal property who sells on the installment basis can use the installment method of reporting regardless of the down payments.)

In reporting on the installment method, you treat each dollar received as part return of capital and part profit. (This rule applies to *both* cash and accrual-basis taxpayers.)

For example, in the sale described above, if you elected the installment basis, you would have to report $4,000 in taxable income for each of the 10 years beginning with the first. The 40% profit ratio is applied to the annual payment of $10,000. Of course, the *total* income reported after all payments are received will be the same under either method of reporting.

If you have unrealized profit on obligations arising out of installment sales and find it desirable taxwise to *accelerate income into 1959*, consider selling part or all of the obligations, or pressing for collection or prepayment, etc. If the obligations are paid in later years, the income will be taxed in those years. However, to the extent the obligations are paid or sold this year, the income will be accelerated into 1959.

Deferring income in special transactions

For cash-basis taxpayers (both individuals and corporations), there are a number of additional opportunities for postponing income.

1. U. S. Savings and War Bonds: If you have bonds which are maturing this year, you can defer the interest by holding onto the bonds and not cashing them in. Congress has given bondholders a special deal. The interest is not deemed constructively received; it need not be reported until the bonds are actually redeemed.

Of course, if you wish to accelerate income into 1959, you can do so by redeeming the bonds. Or, with respect to your unmatured bonds, you can make a special election to have all of the income accrued until the end of the year 1959 taxed in 1959.

But note that this election has what may be a definite disadvantage —in the future, you will have to pay tax annually on the income as it accrues, not in the year the bonds mature.

2. Interest income can also be postponed: If you lend money, the interest payments to you are taxable as received. But if you wish to avoid immediately taxable interest, you can make loans in return for an *increasing redemption* security. Thus, instead of an interest-bearing obligation, you have a non-interest-bearing note, bond, etc., with a maturity price higher than the amount loaned. Of course, the increased amount will provide for interest on the loans. But unlike

regular interest payments, the income to you will be deferred until the note is paid.

Cash-basis expense acceleration

If you keep your books on a cash basis, your expenses are deductible only when paid. Thus you have the following three routes for stepping up deductions this year:

1. Pay in 1959 all bills already received for expenses rather than deferring payment until next year.
2. On some expenses which would normally be incurred and deductible in 1960, you may choose to incur and pay them this year.
3. Prepay expenses not due until next year. If you owe money, you can prepay interest for a few months (or even years) and deduct the total interest when paid. If your state will accept prepayment of state taxes, you can pay and deduct in 1959 the taxes due in 1960. Real estate taxes may also be prepaid.

Two areas demand caution: If you've borrowed on life insurance policies, you must *pay* the interest to get a deduction for it. If the insurance company simply increases the amount of your loan by adding in the interest you owe, you are *not* entitled to an interest deduction. Likewise, interest charged on a *margin account* must be paid.

The Treasury *may* raise objections on *some* of these prepaid expenses. It has never questioned the right to deduct prepaid interest and taxes when paid, even though paid for a future year or years. But it has generally held that *other* prepaid expenses are not deductible until the benefits are obtained. However, the courts have been more liberal.

In the case of property insurance premiums paid for policies which run for more than a year, the Treasury and First Circuit hold that the payments must be spread over the term of the insurance. The Eighth Circuit, however, says that the premiums are deductible immediately.

For example, the courts have held that repair parts were deductible when purchased even though not used in that year. Furthermore, they have permitted a deduction for expenditures on catalogs that weren't even delivered in the year of deduction, and when delivered would have a useful life of five years. The Treasury has agreed with a court decision which allowed a farmer to deduct a payment made for feed which wasn't even delivered until the next year, where he couldn't recover the payments. In the case of *advertising* expenditures, even the Treasury admits that the fact that current advertising will benefit sales next year doesn't bar deductions in the current year.

Special business expenses

Regardless of the accounting method you use in your business, there are opportunities to reduce your 1959 tax by proper handling of certain expenses.

Sales, advertising and promotion expenses: Proper timing of these can be one of the best ways to achieve your year-end tax goal. Training additional salesmen, sales promotion and advertising can be so scheduled that the expenses will be incurred this year while the greater part of the income will fall into '60.

Reserve for bad debts: If you're now writing off your bad debts directly, you have a one-time opportunity to double your deduction by switching from the write-off method to the reserve method. In the year of the switch, you get a double deduction—one for bad debts written off during the year, and another for setting up the bad debt reserve for future years. It's too late to decide on this method this year since you would have had to ask for permission *at least 30 days before the end of the year.* Beginning next year, the application for permission to change will have to be filed within a period of 90 days after the beginning of the taxable year of change.

A caution here: don't try to get a bad debt deduction by selling your claim to a third party. The sale will convert the loss into a capital loss unless the receivable arose out of the sale of merchandise or the rendering of services. If you plan to sell partially worthless debts, make sure that the debt is first written off and deducted *this* year. You can then start negotiations for sale next year.

Research and development expenses: Even though these expenses are capital in nature—that is, made to obtain a valuable asset—the entire amount can be deducted immediately. Furthermore, you won't be taxed on any benefits you obtain from such expenses and the assets they create until you actually realize them by sale.

Year-end equipment purchases can pay off

A flat 20% depreciation is allowed for used or new tangible personal property (but not for buildings) with a useful life of six years or more, for the year the property is bought. This is *in addition to* other depreciation. Note, however, that this extra 20% first year depreciation is limited to $10,000 of purchases each year if a single return is filed or $20,000 if a joint return is filed.

If you own more than one corporation, there is a separate limit of $10,000 for each "brother" corporation in addition to a $10,000 or $20,000 limit for yourself.

The full 20% first year depreciation can be taken regardless of how long the asset was held during the year of its purchase. Thus, a corporation which buys $10,000 of equipment on the last day of its taxable year can take the full 20% deduction. The goal is therefore to time purchases in order to get the maximum tax benefit from them.

For example, a married man, operating a sole proprietorship, plans to buy $40,000 of equipment, furniture, etc., in early '60. In '60, he would be entitled to the extra 20% first year depreciation on only $20,000 of his purchases. If, instead, he buys $20,000 this year, he can take 20% first year depreciation on that amount in '59, or $4,000. When he buys the other $20,000 of property in '60, he deducts another 20% first year depreciation on the second $20,000 or a further $4,000. In addition to special 20% first year depreciation, the remaining 80% of the cost of the property is depreciated under any of the regular or fast depreciation methods.

Trade-ins can hurt 20% first year depreciation

It's generally inadvisable to trade in old property against the purchase price of property which is subject to the fast 20% first year write-off. The reason is that the part of the cost (basis) represented by the trade-in doesn't qualify for the 20% depreciation.

It may pay to sell the property and use the proceeds to buy new

(Continued on page 69)

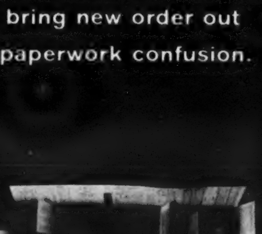
THE PAPERWORK MAZE...

5 top executives tell you how they found a way out

MODERN DUPLICATING METHODS

Help 5 busy companies make mo

Companies big and small today find themselves caught in a continually growing maze of paperwork. Read how 5 of these companies use A. B. Dick systems duplicators to thread their way through the maze . . . shorten the distance from decision to decision . . . bring new order out of paperwork confusion.



"MORE EFFICIENT SALES ORDER HANDLING WITH ⅔ THE STAFF"

says Logan R. Beisner, Controller
Quality Park Envelope Company
St. Paul, Minnesota

"The number of employees assigned to order processing has been reduced by one-third since the installation of our new Azograph system. Now, only one typing of an order is required—the Azograph duplicator does the rest.

"Results have been felt in five important areas:

(1) More accurate control of orders in process.
(2) Advance information can be furnished to manufacturing departments for work load scheduling.
(3) Quicker answering of customer inquiries.
(4) Typing operations reduced from three to one.
(5) Simplified accounting procedures.

"What's more, the completely clean Azograph process presents no danger of staining in handling of the masters or during actual copy reproduction.

"AZOGRAPH ORDER SYSTEM CUTS CLERICAL COSTS 33%"

says Richard J. Soss, Vice President
Henry Soss & Co.
Los Angeles, California

"With sales volume of Henry Soss & Company Class A Contract Hinges u 300% in the past four years alone, i became vital for us to find an improve method for handling paperwork.

"The 'improved method' proved to b an A. B. Dick Azograph system for re producing *all* order and invoice paper work from a *single* master.

"Despite doubled paperwork needs, th new method has made it possible for u to absorb more than twice the volume a 33% less cost.

"Now, with just one typing, we create al the paperwork needed to manufactur goods, pack and ship the order, and the follow up with billing and accounting

"Not only does the new system save tim and expense, but invoice and shippin paper copies are much more legible an more usable. Control is greatly im proved. Efficiency is at an all-time high

"AUTOM SAVES $

says Rus
Seni
The
Akr

"Automat vitalized system w invoice pa products cost studi yield annu

"Under th ing create run on th mated of order pap

"The offs work twic while auto manual op with offset

"The auto saves throu but also proofreadi ist and op duplicating blank pa printed for

or used equipment, rather than trading in the old.

As an illustration, the Jones Co. has an old machine which is depreciated down to $5,000, its present value. The company plans to buy $10,000 of new equipment eligible for the 20% depreciation. The dealer is willing to accept the old equipment as part payment.

- If the trade-in is made and only $5,000 paid in cash, the 20% depreciation can only be taken on the $5,000 cash.
- If the old equipment is sold for $5,000, and the new equipment is then bought for $10,000, the 20% can be taken on the $10,000.

Special opportunities for individuals

Even apart from a general plan to shift income or expenses from one year to another, you may be able to reach for the special tax breaks outlined here:

Make the most of the optional deduction: Any individual is of course entitled to deduct an amount roughly equal to 10% of his adjusted gross income (gross income less business expenses), with a top limit of $1,000. In any one year in which his actual expenses that he might otherwise deduct are less than the optional deduction, he will choose the latter. He *seems* to get a break because his tax deduction is more than his actual expenses for that year. And yet, if you look at it from another viewpoint, those actual expenses are in a sense wasted. For if they can be switched to another year so as to *exceed* the optional deduction in that year, the taxpayer can get more benefit from his actual outlays.

As an over simplified example, assume that you have deductible expenses each year for taxes, interest, etc., of $900. You are entitled to a $1,000 optional deduction. If you go along in a normal fashion, your total deductions for 1959 and 1960 would be $2,000 ($1,000 optional deduction each year).

Assume, however, that you can prepay a major part of even all $900 of your 1960 expenditures in 1959. You would then have deductions of $2,800 in the two years instead of $2,000. For, in 1959, you would be entitled to deduct the $1,800 in actual expenses. And in 1960 you still get the $1,000 optional deduction. The same over-all result can be attained by bunching expenditures in 1960 rather than accelerating them into 1959.

Don't waste medical deductions: Taxpayers under 65 can deduct medical expenses only to the extent that they exceed 3% of adjusted gross income. And all taxpayers, regardless of age, must reduce the cost of medicines and drugs by 1% of adjusted gross income. Result is that medical expenses in any single year will be *completely wasted taxwise* if they don't exceed the 3% requirement. Thus, it may pay to advance or defer medical expenses, so that they will exceed the 3% tax limit in at least one of two taxable years.

Eliminate estimated tax penalty: If a person failed to come under any of the safety zones for the first three installments of the estimated tax and a penalty for underpayment is now likely, it is generally not possible to eliminate the penalty applicable to the already paid installments by overpaying the final one.

However, there is one type of payment which is considered as made retroactively. Any amounts withheld can be treated as paid equally over all four installments.

Thus, if an employer is asked to withhold extra heavy amounts for the rest of the year, the penalty can be retroactively eliminated since the heavy year-end withholding will be treated as paid proportionately over the previous installment dates.

Year-end gifts to family members

The possibility of making tax-free gifts to members of your family should not be overlooked in your year-end planning. Here's a summary of the rules:

Every taxpayer may make tax-free gifts totaling $30,000 during his lifetime. In addition, he may, in any one year, make tax-free gifts of up to $3,000 each to any number of persons.

Key to a low cost estate-building program is maximum use of the $3,000 annual exemptions (technically called "exclusions"). Over a period of years, they may enable you to give various members of your family the major part of your estate completely free of both gift and estate tax.

For married persons, the $30,000 lifetime exemption and the $3,000 yearly exclusion are doubled. Thus—

1. If you make a gift to your wife, only one-half the value of the gift is taxed.
2. If a married person makes a gift to his children or others, it can be treated as a gift made half by the husband and half by the wife—even if the property given belonged to the husband alone.

Once you've made a gift of property, the income from that property will generally be taxed to the donee, not to you. Usually, this results in an *income tax saving* as well.

If you're going to make use of the annual exclusions, be certain to make this year's gifts by December 31. Unused exclusions cannot be carried over.

To illustrate: Assume a married man with three children. He can give each a tax-free gift of $6,000 or a total of $18,000 this year. Next year he can give a similar amount. Also there is the $60,000 lifetime exemption which he can use at any time. Assuming that no part of this has yet been used, he could give his children $78,000 in tax-free gifts this year and $18,000 tax-free in each subsequent year.

Making gifts in property: Gifts may be made in property as well as cash. But whether this is advisable depends in large part on whether the value of property has increased or decreased since you acquired it. Neither gain nor loss is recognized when you dispose of property by gift. Thus, if you give away property now worth more than it cost you, you avoid paying a tax on your capital gain. But if you make a gift of property worth less than it cost, you can't take a deduction for the decline in value.

The capital gains levy may not be avoided *entirely* by making a gift of appreciated property. The person receiving the gift may sell it. *In figuring whether he sells at a gain, his sale price must be measured against your cost* plus any gift tax you paid on the property—except that the total of cost and gift tax can't exceed the fair market value of the property. What you

really do, therefore, is *shift* rather than *avoid* the capital gains and offset part of your gift tax with a lower income tax for the donee. There may be a final over-all tax saving if the person to whom you give the property is in a lower bracket.

If the property given is a non-capital asset to the donor—say, a picture owned by an art dealer—the sale by the donee may result in a capital gain rather than the ordinary income that it would yield if sold by the donor.

The fact that the donee can add the donor's gift tax to the donor's cost of *appreciated property* leads to this consideration: If the donor's gift is going to be subject to gift tax, he should try to make it in property which is worth more than it cost him rather than in cash or in property which isn't worth more than its cost. This enables the donor's gift tax to cut the donee's income tax on a sale.

What to do about securities before January 1

The wide market fluctuations during 1959 make your security moves this year-end particularly important. What you do between now and January 1 can cut your taxes substantially if you have any sizable gains or losses on securities this year—or if you have any carry-over of losses from previous years. Here's how to figure where you stand, and the taxwise action that you should consider.

Tax considerations are obviously one of the elements which will influence your decisions on year-end transactions, but they are only one of the elements. If you expect a particular stock to drop significantly in value in the months ahead, the tax factors alone will hardly discourage you from selling. If you have little hope that a stock which has dropped in price will recover in the near future, the fact that such a loss will reduce your 1959 tax bill will only add to your desire to sell. However, there are a great many situations where you must make close decisions:

■ You don't expect any significant change in the value of several of your stocks, but want to free some cash. Is it more desirable, taxwise, to sell one on which you have a

gain or one on which you have a loss?

- What would be the best timing of such a sale?
- In other situations, it may be wise to realize a loss for tax purposes this year without essentially disturbing your portfolio (at the price of broker's commissions and transfer tax only).

Figuring your tax position

Taxwise, you have two main objectives in the sale of securities: First, of course, you want to pay the lowest possible tax on any gains you realize. Second, if you do have losses, you want to use them to achieve maximum tax reductions. This is where many taxpayers lose out because they don't realize that *special rules apply to the deductions of capital losses—quite different from the treatment of ordinary losses.* For a quick review of these rules, you may reap dividends.

To achieve your two main objectives, however, it will help to prepare a summary of your gains and losses realized so far in 1959, separating long- and short-term. Also check any carry-over of capital losses you may have from previous years.

Anyone in the middle or lower income brackets may gain an added tax advantage by proper timing of gains and losses. If you are a married person with taxable income of not more than $32,000, a single person with income of $16,000 or less, or a head of household with income of not more than $24,000, the tax on your capital gains will be less than the 25% maximum and it will pay you to defer or accelerate them into the lowest tax year.

Planning your year-end transactions

Once you know where you are in the above terms, you're ready to decide whether and how to sell securities between now and December 31. The following short recommendations cover the possible situations in which you may find yourself.

If you have short term gains only, it is to your tax advantage to realize any losses which you may be carrying on paper. The capital loss will offset the gain, saving you taxes at the rate which applies to ordinary income. *(turn page)*

If you have long term gains only, it will generally be to your best interest to avoid taking any capital losses this year.

If you have both long and short term gains, generally avoid taking any long term losses this year. But, on the other hand, realize short term losses up to the amount of short term capital gains you have realized.

If you have short term losses only, strictly from a tax standpoint, you need do nothing further.

If you have long term losses only, your choice is to do nothing or realize short term gains to be offset by these losses, or use this opportunity to convert other losses into carry-overs for future years when they all will become short term.

If you have long term gains and short term losses, your strategy here is to realize short term capital gains up to the amount of your short term losses.

If you have neither gains nor losses, you will want to weigh the following tax factors in the scales if the market picture leads you to sell before the end of the year:

- Realize capital gains on securities held for more than six months in preference to those held for shorter periods.
- If you realize long term gains but no short term profits, avoid taking any capital losses this year if you don't expect long term capital gains next year.
- If you decide to realize both long and short term gains, take short term losses up to the amount of your short term gain.
- If you do not plan to take capital gains this year, this may be a good opportunity to realize both long and short term capital losses. The first $1,000 can be deducted from ordinary income in 1959 and any balance carried over to later years.

Cautions on year-end contributions

In making year-end gifts to charities and other worthy causes, it's important to steer clear of the technical pitfalls. The following points are particularly worth noting.

For tax purposes, *pledging* contributions is not enough. Contributions by individuals are deductible only if actually *paid* during the

taxable year. This applies to both cash and accrual basis taxpayers. A pledge to contribute without actual payment is not deductible.

A charitable contribution will be considered paid in the year when the check is put in the mails (assuming that it doesn't "bounce").

Cash basis corporations follow the same rule as individuals. However, an accrual basis corporation can get a deduction this year for payments made on or before the fifteenth day of the third month following the close of the taxable year—if the contribution was authorized by the board of directors during this year.

If appreciated property is given in payment of a pledge, the Treasury views the transaction as though there was no pledge. In other words, the transfer is not considered as one giving rise to taxable gain or loss.

Watch these limitations on the deduction:

■ An individual taxpayer may deduct up to 20% of his "adjusted gross income" (generally total income less business deductions) for payments made to any qualified charitable organization.

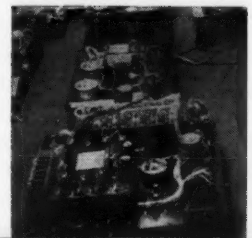
In addition, for payments which exceed the 20% limit, he may deduct an extra 10% for contributions made to churches, tax-exempt hospitals, educational organizations.

■ An individual taxpayer can't take both the optional standard deduction and a specific deduction for charitable contributions. He may take only one or the other.

■ A corporation may not take a charitable deduction of more than 5% of its net income (not counting the amount of the deduction). But sums contributed in excess of 5% can be carried over for two years.

Defer to next year

If you have already reached your individual percentage limit, or if you plan to use the optional standard deduction, you should defer charitable contributions until January. You will then get the benefit of the resulting deductions in 1960 rather than wasting them completely this year. Any excess of contributions beyond the deductible limits for 1959 cannot be carried over as a deduction by an individual to a succeeding year. ■



Business electronics

Compact computer handles eight computations at once

Completely transistorized and expandable by modules, the Honeywell 800 data-procesing system can handle up to eight separate business and scientific computations simultaneously.

The system occupies one-tenth the space of its vacuum-tube predecessors and consumes one-tenth the electrical power. Honeywell engineers state it will outperform older-generation computers in every aspect of computer usage.

Medium scale transistorized computer shown can be adapted to any size load.

The units shown in the illustration can be reduced for smaller applications or expanded to accommodate heavy processing needs.

First deliveries of this parallel processing unit will begin late in 1960.

For technical details on the Honeywell 800, circle number 242 on the Reader Service Card.

Large scale, low cost digital computer is versatile

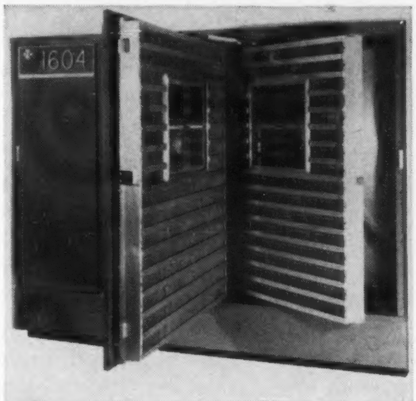
Fully transistorized, the new Model 1604 with a large capacity memory is a general purpose digital computer announced by Control Data Corp.

Priced well below computers of

comparable capacity and performance, the company states, the solid state unit embodies new circuit and design concepts.

The 1604 has versatile input and output facilities, and coupled with an adapter, can be used with standard input and output equipment of other makes.

Its magnetic tape systems can provide up to 24 transports, produc-



Main cabinet of the 1604 contains all arithmetic and control sections and 32,768 word magnetic core storage.

ing tapes also compatible with those of other manufacturers.

Of modular construction, a complete 1604 system can be housed in a 20 by 20 foot room. It weighs 2,200 pounds.

Internal memory stores 32,768 of either 48-bit words or 48-bit instructions. Request for data is answered in 2.2 microseconds. Its instruction repertoire contains a flexible list of 62 instructions that expand into many sub-instructions.

Special programming features include ease of handling constants, indirect addressing, four search instructions, high speed input-output transfers, buffering, program interrupt and a large group of logical commands.

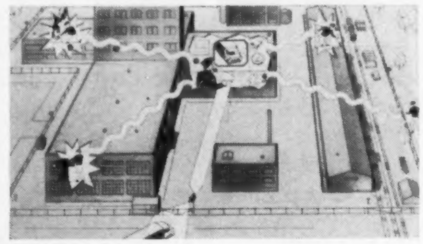
For more technical data on this new general purpose computer, circle number 266 on the Reader Service Card.

Electronic eyes and ears police plant premises

An automated security control system, devised by Minneapolis Honeywell-Regulator Co., promises to give 100% protection to all areas of plant premises—no matter how scattered the layout.

Using remotely located electronic

eyes and ears linked to an automated nerve center, the system needs only one human guard for



Automated guard system gives overall protection against fire, theft, trespassing and equipment failure.

complete plant surveillance. It will immediately detect fires and perform police duties at gates, on the grounds and within the buildings, and it will also report equipment failure.

New electronic developments incorporated in the automated guard system are noise and motion detectors and a fool-proof electronic fence with built-in compensator to prevent false alarms from contact by birds, weeds and any windblown debris.

Other features include TV cameras at entrances, two-way intercom, magnetic switches that unlock gates from the master control center, fire detectors and holdup alarm switches. Should the guard at the control panel be overpowered by an intruder or collapse from illness, a warning is automatically flashed to police headquarters. Batteries or stand-by generators take over if electric power fails or is cut off.

This new Honeywell system can be custom built to meet specific requirements. The central control console serves as a basic building block to which sub-panels can be added to perform additional functions.

An installation of the new electronic security system at the Chicago Art Institute is expected to pay for itself in guard salaries saved in 36 months.

A $33,769 installation at Brown Instruments Division of Minneapolis-Honeywell is expected to realize net savings of $26,270 the first year, Vice President John E. Haines predicts.

For more details on this comprehensive, integrated security system, circle number 241 on the Reader Service Card.

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Paper

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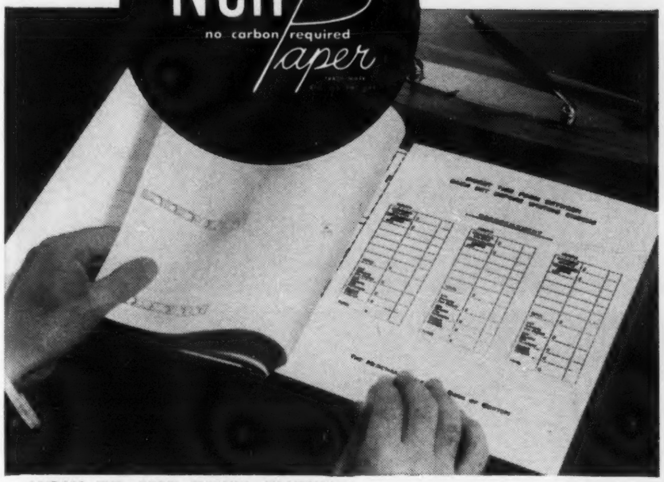
FOUNDED 1831

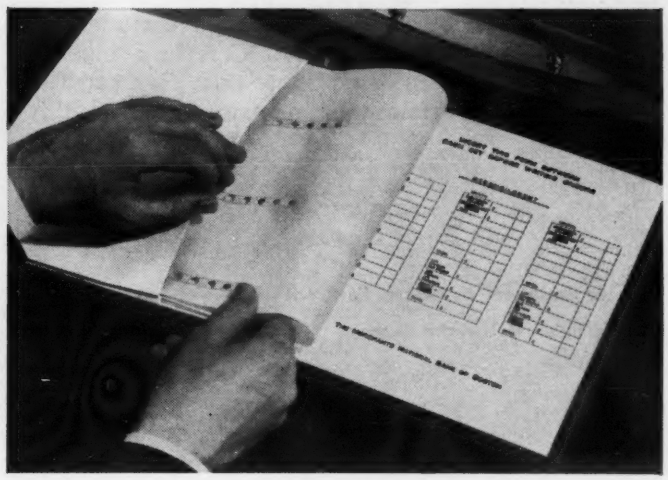
WHERE THE MAN YOU TALK TO IS THE BANK



HOW TO USE DUPLI-CHECK:
1. Insert separator form under checks and copy sheet

2. Make out checks

3. Tear out checks (note exact duplication copy sheet)



4. Slip copy sheet under protective flap

"NCR PAPER inspired this new 'DUPLI-CHECK' BOOK ...saves more than its cost every six months."

THE MERCHANTS NATIONAL BANK OF BOSTON, MASS.

"We use NCR Paper for many forms at The Merchants. We have extended its usefulness one step further—and created a special carbonless check for the convenience of our customers. We call the new book Dupli-Check.

"By making an accurate record of all checks written, our Dupli-Check Book helps depositors keep detailed records of such transactions. It helps us save money by eliminating accounting problems that often arise from inaccurate depositor records.

"Using NCR Paper for our Dupli-Check has improved and increased the service we offer our customers. Moreover, we estimate NCR Paper returns its yearly cost every six months through time saved and increased efficiency, thus returning about 200% on our investment."

Clyde M. [signature]
Vice President
The Merchants National Bank of Boston

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75 YEARS

(Circle number 135 for more information)

FROM HAUSERMAN'S NEW ADMINISTRATION BUILDING IN CLEVELAND

Practical office design ideas you can use

E. F. Hauserman wanted more than just an efficient office when it recently decided to build a new administration building in Cleveland. Company officials wanted a showcase to demonstrate their own product—movable walls. How the company achieved this objective is shown in these illustrations. Here you will find a number of practical ideas—including the functional use of partitions—that you can adapt for your own office, whether you are planning minor or major changes or an entirely new building.

Interior designer ● *Florence Knoll, Knoll Associates, Inc.*
Photographs ● *Hedrich Blessing*

Long, table-height, butternut wood cabinet provides President F. M. Hauserman with ample storage space without detracting from large airy feeling of his office. One partition repeats interesting wood grain. The other wall adds to light rich look with its natural colored silk covering.

1

Round table in main conference room promotes pleasant informality during important business meetings. Charcoal gray flannel on one pin-up wall and white hemp grass cloth on the other help absorb sound. Clock face is part of wall—easy to read but not obvious like conventional clocks.

2

3 *Circular marble-top desk helps Director of Sales Richard M. Hauserman feel at home in his work environment—contributing to the physical ease so essential for making numerous day-to-day decisions. Long, low storage bank helps keep quarters uncluttered.*

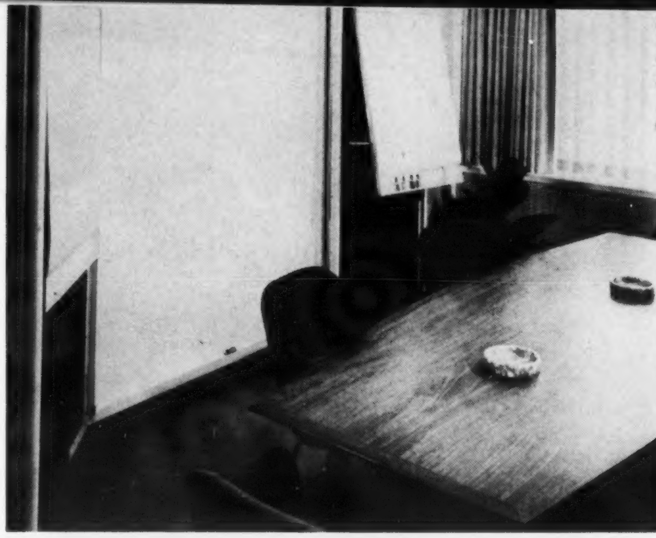
4 *Unpolished, opaque plate glass partition transmits daylight into centrally located sales department—without disturbing privacy of surrounding offices.*

5 *Office arrangement provides varying degrees of privacy. Here two different partition heights give needed privacy in heavily trafficked advertising department. Flush with ceiling movable wall shuts department off completely from adjoining offices. Low, partially glazed units diffuse light throughout area.*

6 *Incandescent ceiling spots pinpoint light in this reception room. Portrait of Founder E. F. Hauserman dominates decor. Black strips between wall partitions lend design accent to room. Baked enamel surface is maintenance-free.*

Functional space saver: flip charts and projection screen are housed flush in movable walls in this small conference room. Readily accessible during meetings, the props easily fold back into place whenever not in use.

7



Small informal conference rooms are strategically spotted throughout administration area. This permits ready access for each group of offices and allows a number of private discussions to be held simultaneously.

8

Walls and ceiling pans in this and all offices throughout the building can be easily removed for servicing or re-arrangement of heating, ventilating and lighting fixtures. Built on five foot module, this 10 by 15 foot office gains sense of space through open design of furniture.

9

Three-tier partition design—metal, opaque glass and clear glass give maximum privacy and light diffusion in engineering room. Wall colors were also chosen to aid in proper diffusion of light. Table top files give ample work surfaces and storage for big blueprints.

10

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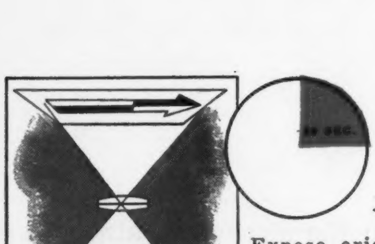
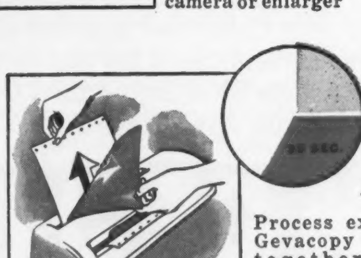


1st

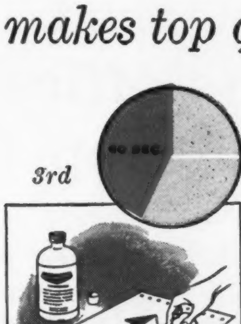
Expose original material to Gevacopy *Rapid* with camera or enlarger



2nd

Process exposed Gevacopy *Rapid* together with Gevacopy Aluminum Plate.

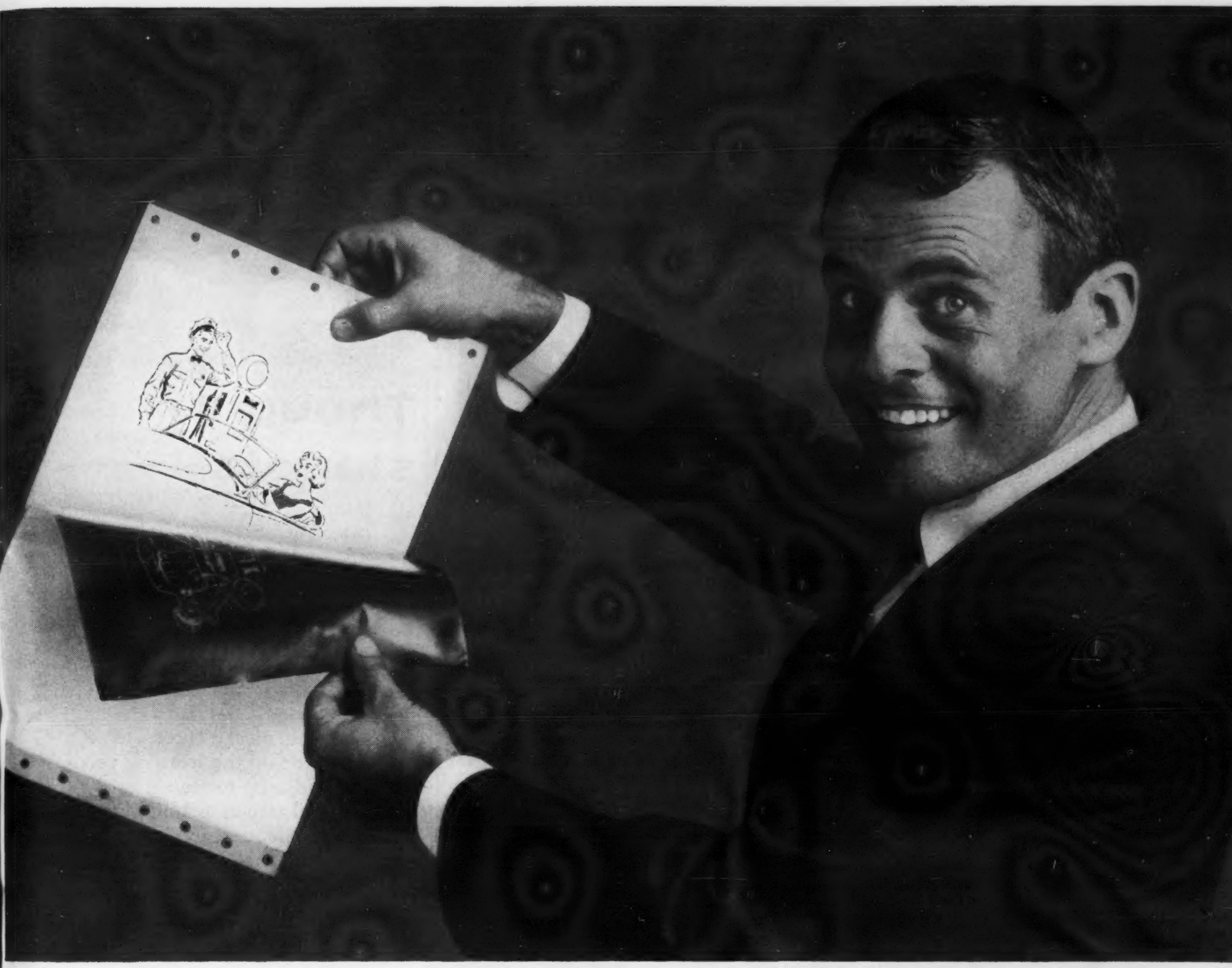
3rd



Apply "fixing" fluid, and plate is ready for press.

A great new advance in offset duplicating by Gevaert now makes it simple, fast and inexpensive to reduce or enlarge—on aluminum offset plates—printed matter, drawings, microfilms or artwork at a fraction of the usual cost! And in less than one minute!

Here's how simple it is. Just expose your original with a simple camera or enlarger to a sheet of Gevacopy *Rapid.* Place exposed sheet in contact with a Gevacopy Aluminum Plate and pass through special developing machine. Strip the negative from the plate, wipe down the plate with fixing solution and the plate is ready for the press. Cost to you—only 59 cents. What's more, if you already have an office copy machine, it can probably be used to develop the plates.



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Because the Gevacopy process was perfected by one of the world's greatest photographic companies, it picks up every fine detail, reproduces your original with photographic accuracy. Because it produces aluminum plates, you get high press runs, precision work, great durability. You get scalpel-sharp reproduction time after time, and the plates can be stored if desired and used over and over. And because of the great simplicity of Gevacopy, you'll cut down makeovers—reduce wasted time and plates up to 75%, or even more!

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(Circle number 149 for more information)

Thought starters

TRAINING TOOL

Automation invades learning process

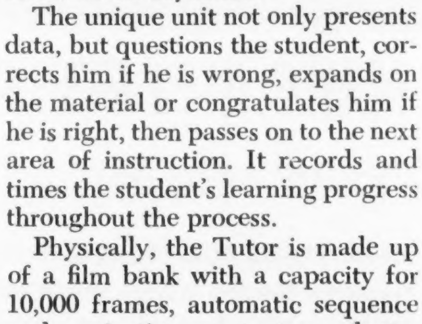
Pushbutton learning is now possible with a machine devised by Western Design Division, U. S. Industries, Inc.

The mechanical Tutor, as it's called, speeds up the learning process and adjusts to the student's capacity and rate of assimilation.

In effect, the machine is an automated reader that locates and presents selected text and illustrations—up to 10,000 items—in answer to a touch on its keyboard.

The unique unit not only presents data, but questions the student, corrects him if he is wrong, expands on the material or congratulates him if he is right, then passes on to the next area of instruction. It records and times the student's learning progress throughout the process.

Physically, the Tutor is made up of a film bank with a capacity for 10,000 frames, automatic sequence and projection apparatus, selector buttons, viewing screen, and a tape



Tutor gives student multi-choice of answers, tells him if right or wrong.

printing mechanism to record the pupil's progress. Its search control mechanism contains no vacuum tubes, only solid state devices for highest reliability.

For complete details on this training device, circle number 248 on the Reader Service Card.

MAINTENANCE

Portable air cleaner for office machines

For on-the-spot cleaning of typewriters and business machines, there's a new, easy-to-use air cleaner.

Called Sprayit 408, it is designed

Air jet cleaner forces dirt out of typewriters and other equipment.

to float off dust and dirt without disturbing lubricants or delicate mechanisms.

A seven-foot flexible rubber tube pinpoints the air jet for dirt removal.

The complete unit, priced at $38.75, weighs just 6½ pounds.

For more information on the Sprayit office machine cleaner, circle number 249 on the Reader Service Card.

PHOTOGRAPHY

New color film fast and sharp enough to track missiles

Ease and speed of in-plant photography will be given a boost by use of two new color motion picture films developed by Eastman Kodak Co.

One film, color reversal daylight type SO-260, is so sensitive it will capture motion in color under lighting conditions that challenge highest speed black and white cine films. It has a normal exposure index of 160—16 times as sensitive as Kodachrome movie film.

The other film, artificial light type SO-270, is almost as sensitive with a normal exposure index of 125.

The exceptional speed of both

films, combined with adequate sharpness, moderate grain pattern and faithful color, will make it ideal for photorecording under a wide variety of lighting conditions that would be unsuitable for conventional films.

Applications include flame studies, time-motion studies, instrumentation recording and operation training films. The new film can also be inter-cut with slower color motion picture film for use during public relations or promotion presentations.

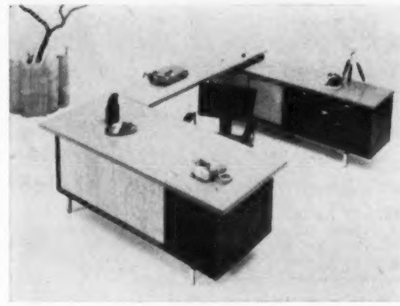
Eastman color reversal film is available in 16 mm and 35 mm sizes.

For more details on this high speed film, circle number 252 on the Reader Service Card.

OFFICE FURNITURE

Three-in-one efficiency in new executive desk

Utility and distinctive styling are combined in a new executive modular desk. Created by the Robert John Co., the U-shaped unit provides work, storage and conference facilities.



Modular desk offers flexibilty and versatility for work, storage, conferences.

Fashioned of beautifully grained wood, alternate arrangements are possible to suit individual taste.

Storage units have sliding door cabinets with adjustable shelf, shallow drawers and deep filing drawers. All are modular and may be joined with a continuous top.

The desk itself offers a choice of walnut, grass cloth or lacquered color inserts set in a solid walnut or solid birch frame.

For illustrated literature on this executive work station, circle number 247 on the Reader Service Card.

COMMUNICATIONS

Send written messages, sketches over phone or radio circuits

Electrowriter is a new instrument that instantly transmits handwriting or line drawings to several remote points simultaneously.

Developed by Comptometer Corp., the device is activated by simply writing with a stylus on an exposed paper surface.

Transceivers can function as both sender or receiver. Any number of

New Electrowriter delivers messages instantly to several remote receivers.

Electrowriters can be interconnected at any distance apart.

The instruments are self-contained and transistorized. No extraneous power supplies are needed.

They can be used in conjunction with radio circuits or hooked into existing telephone systems—permitting alternate written message and voice communications. Messages between Electrowriter stations pass through the switchboard.

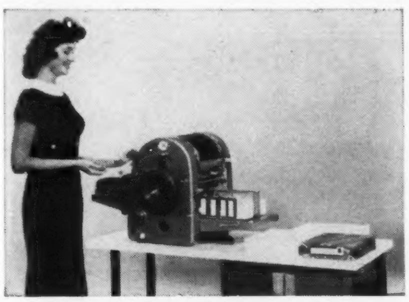
For instance, a person receiving no answer from a phone extension equipped with "leave word" Electrowriter service can switch to writing.

For more information on Electrowriter systems, circle number 243 on Reader Service Card.

DUPLICATING

New mimeograph can turn out 200 copies per minute

Where several thousand professional quality copies are needed in the quickest possible time, the new



Sure-grip feed is feature on new high-speed A. B. Dick mimeograph.

A. B. Dick 455 mimeograph is recommended.

This unit duplicates and evenly stacks well over 10,000 copies an hour—an 11% increase over previous models.

For smaller runs, a variable speed control permits selection of speed best suited to length of run.

A newly developed fluid inking system will produce 10,000 copies without re-inking.

For more data on this high-speed mimeograph, circle number 246 on the Reader Service Card.

MANAGEMENT TOOL

Guide shows instantly how to price for profits

The *Executive Time Saver*, a virtual slide rule in print, gives management, marketing and sales executives at-a-glance answers to any problem of calculating profit margins, markup percentages, sales prices distribution discounts, etc.

The book contains 50 pages of computations in easy-to-read chart form. There is also a guide chart for computing unit sales increases necessary to preserve normal profit during promotion price reductions.

With this book, anyone can read exact answers, in dollars and cents, to all cost and pricing problems without having to adjust, estimate, calculate or interpolate.

Some specific functions a manager can perform with the *Executive Time Saver* are: read profit margins on sales, target manufacturing costs necessary to maintain needed margins of profit, read markup percentages against cost, and find purchase price necessary to achieve proper profit margins.

Executive Time Saver sells for $7.50 per individual copy; three or more, prepaid, are $5 each.

For more information about this time saving tool, circle number 245 on the Reader Service Card.

How to recruit and select salesmen

How to recruit and select salesmen is one of industry's 16 toughest marketing problems.

So say the results of a National Sales Executives, Inc. survey of thousands of top executives.

But there are various things you can do to overcome this problem. For instance, a New York sales and marketing consulting firm, Porter Henry & Co., Inc., has developed a practical checklist of key questions to ask yourself in order to measure and improve your recruiting and selection methods. These ideas will cause you to think of many others.

It's an often quoted statistic that it costs roughly $6,000 to hire and train a new salesman. If one of your salesmen fails, you've lost that investment in him plus the potential sales he should have made.

Check to see whether your recruiting and selection methods are designed to get you the best possible salesmen.

Recruiting

1. Have you checked the background of your best salesmen to find out how they were obtained?

2. Are you making the best possible use of as many of these recruiting methods as are applicable to you?

a. Present non-selling employees.

b. Names suggested by your present salesmen.

c. Personal, social, or organization contacts.

d. Competitors' salesmen.

e. Newspaper advertising (classified or display).

f. Employment agencies (including State Employment Services).

g. "Over 40" clubs.

h. College or high school recruiting.

i. Specialized or technical schools.

3. Have you provided these recruiting tools?

a. Pamphlet to give to applicants.

b. Training for the men doing the recruiting.

c. A job description and specification of the type of man you want.

4. Is your public relations program building the kind of "corporate image" that will attract desirable applicants?

Selection

Do you have an organized selection procedure including these steps?

a. Planned preliminary interview.

b. Application form, and method of evaluating it.

c. Procedure for checking references and previous employers, *in person or by phone?*

d. Physical examination.

e. Check of credit rating.

f. Aptitude tests. (Optional—and sometimes controversial. If you use them, experts suggest you test your present sales force first to find out what kind of test results indicate, in your firm, a potentially good salesman.)

g. Rating forms.

h. Thorough, structured final interview.

Training

If your field sales managers screen and select salesmen, have they been thoroughly trained in these procedures? ■

(Continued from page 42)

QUESTION NUMBER TWO:

How can an executive control and channel his personal aggressiveness to make himself a better manager?

"Subordinates will make a patsy out of a manager who isn't tough with them, fair always, but tough."

Dr. Robert N. McMurry

Q. Dr. McMurry, are most top managers you have come into contact with overly-aggressive men?

McMurry: If by overly-aggressive, you mean being more aggressive than 90% of their contemporaries, yes: nearly all top managers are very aggressive men.

Here's why. Most high level executives are hard-driving, egocentric, self-confident men; real policy makers. They get to the upper levels in a variety of ways. Some come up outside the business in careers where they have kept all the power in their own hands. Some may be veterans and victors of the in-fighting for positions of power in the company. Occasionally, a man breaks into the upper ranks by outliving his competition or by having a mentor who pushes him into positions of prominence in the firm.

Men like this commonly have an authoritarian concept of management—they're the bosses and they'll run things.

I don't think more than 10% of the companies in this country have chief executives who use genuinely humanistic, participative methods of management. Ninety percent of them are run autocratically, and purposely so.

Q. Won't this aggressive type of management hurt a company in the long run?

McMurry: Not as far as I'm concerned. I've found that the great majority of men want to be led, to be told what to do. Therefore you've got to have a man at the top strong enough to lead them. Most businesses would fold in five minutes flat without one.

Q. Isn't it true, though, that an authoritative manager can damage the attitudes of the people with whom he works?

McMurry: Sure he can. But people aren't rose petals. They don't die with the first bruise.

Understand this aggressive manager. Usually he's a self-reliant, extremely energetic executive who gets so preoccupied with his own interests and problems that he neglects his subordinates.

He doesn't willfully exploit or mistreat them. He simply forgets at times that they are human beings with their own needs and problems.

The reason that he acts so forcefully, so aggressively, is that experience has shown him that it is the best way to get things done.

Q. What about the danger that subordinates will resent and hold back valuable contributions from a manager who is too authoritative or too aggressive?

McMurry: Let me ask you this: isn't there a danger they'll make a patsy out of a manager who isn't tough with them? Fair by all means, but also tough.

A manager has to deal with people, sure. He has to get work done through them. But most of all, he's got to get results from them. He has to be fair and tough to maintain a disciplined system.

There's one case where a crackerjack salesman was boosted up to a top level job. He wasn't suited for it. When he was a salesman, he did all his work himself. Suddenly he found he had to get most of his work done through other people. His gregarious ways that made him a successful salesman made him an unsuccessful manager. He wasn't tough and the salesmen began to exploit him. His lack of basic self-confidence meant he couldn't deal strongly enough with his subordinates to get results from them.

That brings up another point. Most people are clever at getting around the boss. They know how to use him. It takes a strong, often a dynamically aggressive man to resist.

Harry Truman once said of the Presidency, "Only at my level did the 'buck' really stop." That's true of companies, too. Nearly every major risk-taking decision works its way to the top. That's why the man up there has got to be self-reliant enough to make the decisions himself. The manager who depends on group thinking to make decisions isn't going to get anywhere.

Q. Won't the manager who doesn't try to curb his personal drive scare off equally aggressive and vital young men who see no immediate room at the top?

McMurry: Yes, but this will happen anyway. A young man who's really a go-getter doesn't hang around very long in a company where it's going to take him a long time to get into the top ranks.

But consider this fact: Many managers at the very top didn't come up through the ranks. They're

brought in at a high level from the outside.

Q. What methods can a manager who won't channel his aggressiveness use to maintain a high level of motivation in his subordinates?

McMURRY: Trying to find methods to keep people motivated is a waste of time. If a man has something to him, you don't need outside gimmicks to keep him motivated.

If he hasn't got that hunger, that drive, that initiative, that thing I call constructive rebelliousness—then no motivation is going to have much effect.

Q. Then it's your contention that a manager should use his self-reliance in making decisions the way he always has? He shouldn't try to control or channel it?

McMURRY: That's right. He must remain strong and decisive, especially at the top level. The kindly, benevolent father type is not worth much as a supervisor.

END McMURRY ANSWER

"It's typical for an over-aggressive manager to wind up with a team of second rate men—servants with no leadership potential."

Dr. James N. Farr

Q. Dr. Farr, how common a problem is the over-aggressive manager?

FARR: That usually depends on the size of the company. In very large corporations, it's not a flagrant problem. You really find aggressiveness hurting a company's progress in smaller corporations, usually the ones started by one man. Men aggressive, driving, dynamic and inventive enough to get a corporation going often lack some of the fine points of management skill.

When the president's company gets too large to handle alone, he has to build subordinates to take over part of the job. Usually he has trouble building an executive team because it takes cooperation, and

he's used to doing everything alone.

Even if he hires fairly competent men, he still wants to keep a finger in every pie. This defeats his purpose of hiring extra hands. Sooner or later, he finds the very thing that got his company going—his personal aggressiveness and drive—begins to hurt it.

The good men will leave for jobs where they have more opportunity for growth and expression. The weak ones stay on—certainly at no real benefit to the company.

Typically what happens with the over-aggressive manager is that he winds up with a team of second rate men—servants, with no leadership potential.

Q. How can he channel this aggressiveness into something that will work for the company, rather than against it?

FARR: The first thing he needs is an objective picture of himself. He has to see, and fully comprehend, that the way he uses his aggressiveness is actually detrimental to the company. What he has to do is to find areas in the company where he can put this personal drive to good use.

Q. He shouldn't try to subdue his aggressiveness completely, then?

FARR: Not by any means. Aggressiveness is a good thing. You don't want the man to change. You want him to learn how to use himself effectively—just as he is—in any job.

Aggressiveness is excessive energy directed at meeting a challenge—a zeal to succeed. The challenge is usually self-improvement.

But then suppose a man's aggressiveness gets him to the top, or very close to it. That's when it's important for him to channel his personal drive into areas other than self-betterment.

I know of several hard-driving executives at or near the top of their firms who now use their aggressiveness to develop a strong executive staff. Just like self-improvement, developing others is as much, if not more of a challenge.

The key to their problem was to change focus from running one operation single-handedly to developing capable hands that can run it just as well.

Q. Is it really possible for a man who has been driving aggressively in one direction most of his life to redirect that aggressiveness, and still make it useful?

FARR: In most cases, it is. When I come across a man whose exaggerated drive is hurting the company, I reason with him like this: "You're an executive. You wouldn't be unless you were pretty bright and aggressive enough to keep pushing. Just understand that aggressiveness has its negative aspects. Learn ways to minimize them." It works nine times out of 10.

You don't try for one big change in a man, anyway. You work for a lot of small changes. What you're trying to do is increase effectiveness in someone who is already pretty effective as a manager.

Q. Do you, as a psychologist, work with the people who are under him, too?

FARR: Yes. At the time you're trying to get a man to redirect his aggressiveness, you're also teaching his associates down the line how to work better with him.

With an aggressive manager, it's very important that his subordinates understand him. So I get together with them and try to explain his faults—make them see why he operates in the manner he does.

Q. Why is this necessary?

FARR: It's necessary because if subordinates don't understand what makes their boss act so aggressively, they begin to feel inferior or belittled and they might quit. In other words, while the executive is learning to handle himself in a new way, his subordinates have to learn how to handle him, too.

Strange as it seems, subordinates manipulate their superiors just as much as their superiors manipulate them. **END FARR ANSWER**

(*Article continues on page 97*)

Answer the unasked questions

Consider not only what you say, but also what your message implies to those who receive it. That's the key to smooth communications that get results, says Dr. James Farr, president of Farr & Glasscock Associates, New York.

Dr. Farr cites this story.

A president who had a reputation for firing people on short notice one day announced an employee appraisal program. The purpose was to determine fair salary schedules, but he didn't think his employees needed to know that. Consequently he didn't include that fact in his announcement.

The employees were considerably alarmed—so much so that they worried more than they worked. Some began looking for new jobs. They thought the appraisal program was a prelude to a pink slip.

The president was amazed when he discovered how alarmed his employees were. "What's the matter with them?" he asked. "They're grown people. Don't they realize I'm setting up this program for their own good?"

What this president completely neglected was the psychological fact that people always ask this question: *How does this affect me?*

Says Dr. Farr: "It's a manager's job to deal with psychological facts as well as objective facts. The manager who ignores the human element in communications will never get his ideas over very well."

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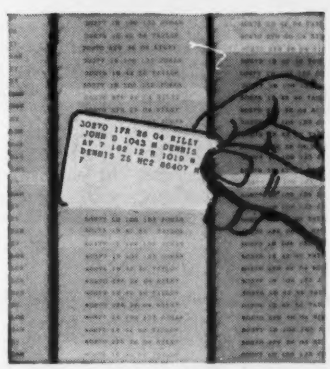

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Any fire is costly. But you can minimize its effects before it starts and after it's out. Here are cost saving ideas to keep handy in case of fire.

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You haven't got all day to interview job applicants. Here are eight questions to ask that will give you a quick idea as to whether the man is right for your firm.

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"Subordinates seldom do good work for a manager who bulls ahead and bruises their feelings."

Dr. Donald H. Dietrich

Q. Dr. Dietrich, can it hurt a company if an executive's aggressiveness alienates the feelings of those with whom he works?

DIETRICH: It can, for this reason. Executives have to get most of their work done with and through other people. No matter how you slice it, this means the executive has to communicate with them somehow, and communicate meaningfully.

Good communicating is not just telling someone to do something; it is making your wants clear. Frequently aggressive men fail to consider whether they've made themselves clear to their assistants.

It stands to reason that if an executive bulls ahead and bruises the feelings of his associates, they're certainly not going to be cooperative, show much initiative, or be very willing to work for or with him.

Q. How can a man use his aggressiveness to his best advantage?

DIETRICH: He has to channel it, control it, discipline himself. When he reaches the level where most of his work has to be done through others, the best thing he can do is to stimulate, encourage and enthuse his associates, and give them time to come through with solutions of their own. His job is to lead, guide and direct—not push, pull and criticize.

This means controlling his natural desire to push ahead and solve the problem quickly in his own way. He can't do it all on his own.

But he first has to recognize that he is an aggressive man and that this aggressiveness may be hurting him. It's curious, but most aggressive executives don't realize they are aggressive. They've got to recognize it before they can control it.

Q. Are there common things overly-aggressive managers do unintentionally that damage a company?

DIETRICH: Yes. They talk too much, do too much, criticize too much and make their subordinates feel inadequate. This can almost kill the subordinate's effectiveness. When a man doesn't have the faith, confidence and respect of his supervisor, he doesn't believe in his own ability and he won't do a very good job.

Characteristically, aggressive executives fail to listen to others' contributions. They are hard-hitting, frequently ruthless rugged individualists. These shortcomings don't help the executive develop subordinates—a large part of a manager's job.

Q. Would you say that the principal thing an aggressive executive has to learn is how to delegate effectively?

DIETRICH: It could come down to that. He should learn how, when and where to pitch the ball and find and develop competent employees to pitch it to.

Paradoxically, he has to tone down the very quality that got him to his present position. Aggressiveness is a very good quality to have when a man is working his way up. But once at the top, he must use this aggressiveness to get others to do the job effectively and expeditiously.

To work effectively with and through people, a man has to gain their confidence. Too much aggressiveness can kill it.

END DIETRICH ANSWER

(Article continues on page 98)

"If a manager is overly-aggressive, usually only he understands his own requests. His associates may pretend to understand, but they seldom do."

Dr. John R. Martin

Q. Dr. Martin, it's been said that an overly-aggressive man alienates others by the force of his personality alone. Are there techniques this man can use to combat his natural forcefulness?

MARTIN: Yes, there are. Now he probably knows that he is a little more impatient than most men. His drive and aggressiveness lead to that.

So, first, he's got to curb that impatience. Even if he knows the answers to certain problems, it will help his company in the long run if he lets his subordinates find the answers for themselves. He can train them to seek out answers by themselves by asking them key questions during every conversation. The questions should be easy to answer at first, and then get more difficult. When the subordinate knows the executive is asking for solutions to problems, he'll start coming in with prepared and considered answers.

Q. Is there anything else he can do?

MARTIN: He should be absolutely clear in every request he makes. Often overly-aggressive men dash off an order hastily and they're really the only ones who understand it. This only adds to the subordinate's impression that his boss is an impatient and inconsiderate man.

A good way to get in the habit of being clear is to organize every request or order you plan to make. Write it out, if necessary. Answer any questions to yourself that your request might imply, but does not answer specifically.

Be sincere in what you say to subordinates. Sometimes impatience leads to sarcasm. No one appreciates it and subordinates often misconstrue it.

Q. How can an executive channel a natural and spontaneous aggressiveness?

MARTIN: Let me cite the case of one manager I know.

He's really aggressive, a real spark plug. As executive vice president, he deals largely with the sales force.

He gets excited easily, which leads to his enthusiasm and aggressiveness. He uses his own excitement to whip up enthusiasm among salesmen, for instance. His aggressiveness gives him the capacity to transfer his excitement to salesmen or directors or whomever he may be talking to.

I was at one sales meeting where he spoke. After it was over, the salesmen looked like a college football team after a pep talk.

That's what he does with his aggressiveness—he uses it to inspire other people.

Q. How often does a hard-driving executive recognize his over-aggressiveness?

MARTIN: Seldom. We all have ideal concepts of ourselves and ideal concepts of the way we operate. Basically, everyone tries to be a pretty good guy, because everyone likes to be liked. A man may think he's doing a good job and getting along admirably with his associates. Actually, his personal aggressiveness may stand between him and them.

Usually if a man's aggressive traits are hindering his work—as far as other people are concerned—he needs an outsider to tell him about it. The outsider sees the whole situation and sees it objectively. The man in question sees only that part which touches him—and even that he sees through colored glasses. ■

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232	233	234	235	236	237	238	239	240	241	242	243
244	245	246	247	248	249	250	251	252	253	254	255
256	257	258	259	260	261	262	263	264	265	266	267

1 DEC. **PLEASE PRINT**

Name ....

Title ....

Company ....

Address ....

City .... Zone .... State ....

Number of employees in your firm ....

Type of business ....

This card expires February 29, 1960

☐ Send Management Methods for one year at $5.00
☐ Bill me ☐ Bill company

(Circle number 124 for more information)